

LIST OF CASES RECEIVED BY THE OFFICE OF HEARINGS AND APPEALS
[Week of September 22 Through September 26, 1997]

Date	Name and Location of Applicant	Case No.	Type of submission
Sept. 24, 1997	Crysen Corporation	VFX-0013	Supplemental order. If Granted: The crude oil overcharge funds remaining in the Crysen Corporation consent order account will be distributed under the terms of the Stripper Well Settlement Agreement.
Do	Personnel Security Hearing	VSO-0178 ...	Request for Hearing under 10 CFR, Part 710. If granted: An individual employed by the Department of Energy would receive a hearing under 10 CFR Part 710.

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DEPARTMENT OF ENERGY

Southwestern Power Administration

Open Access Transmission Service Tariff

AGENCY: Southwestern Power Administration, DOE.

ACTION: Notice of final tariff.

SUMMARY: The Southwestern Power Administration (Southwestern) is adopting this final Open Access Transmission Service Tariff (Final Tariff) in accordance with the Federal Energy Regulatory Commission (FERC) Orders 888 and 888-A, to the extent consistent with laws and regulations applicable to Southwestern's activities.

DATES: The Final Tariff will become effective February 5, 1998. The Final Tariff will remain in effect until superseded.

SUPPLEMENTARY INFORMATION:

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I. Procedures

Southwestern will submit the Final Tariff to the FERC under a non-jurisdictional docket and will request a declaratory order that this Final Tariff meets FERC comparability standards as forth in FERC Order Nos. 888 and 888-A. Southwestern will make necessary changes, if any, in response to the FERC declaratory order and will publish the revised Final Tariff in the **Federal Register**.

II. Background

Southwestern Power Administration (Southwestern) was created by Secretarial Order No. 1865, dated August 31, 1943, as an agency of the Department of the Interior, to carry out the power marketing responsibilities assigned to the Secretary of the Interior by Executive Order 9366, dated July 30, 1943, and Executive Order 9373, dated August 30, 1943. Section 5 of the Flood Control Act of December 22, 1944 (58 Stat. 887, 890; 16 U.S.C. 825s) broadened the power marketing responsibilities of the Secretary of the Interior by placing in him the responsibility for marketing the electric power and energy generated at reservoir projects built by and under the control of the Department of the Army. The U.S. Department of Energy was created by an Act of the U.S. Congress under the Department of Energy Organization Act, Public Law 95-91, dated August 4, 1977. Pursuant to Sections 302(a) and 301(b) of such Act, the functions of the Secretary of the Interior and the Federal Power Commission under Section 5 of the Flood Control Act of 1944 which relate to Southwestern were transferred to and vested in the Secretary of Energy effective October 1, 1977.

Under the said Section 5, Southwestern is enjoined to market power and energy generated at U.S. Army Corps of Engineers dams with preference to public bodies and cooperatives, in such manner as to encourage the most widespread use of the resource, at the lowest possible rates to consumers consistent with sound business principles. The hydroelectric projects from which Southwestern currently markets power and energy are located in the States of Arkansas, Missouri, Oklahoma, and Texas. Southwestern is a partial requirements supplier by the nature of its hydroelectric power resource to 93 municipal, cooperative, and military electric systems in the States of Arkansas, Kansas, Louisiana, Missouri, Oklahoma, and Texas. Southwestern is

not a public utility under Sections 205 and 206 of the Federal Power Act. Southwestern is a transmitting utility subject to Section 211 of the Federal Power Act as amended by the Energy Policy Act of 1992.

The Federal Energy Regulatory Commission (FERC) issued a Notice of Proposed Rulemaking (NOPR) for Open Access Transmission Service, published at 60 FR 17662, on April 7, 1995. On October 4, 1995, the Secretary, Department of Energy (DOE), adopted a "Power Marketing Administration Open Transmission Access Policy" (DOE Policy) in which the Secretary states that DOE supports the spirit and intent of the NOPR and directs the Power Marketing Administrations to prepare tariffs which conform to the principles set forth in the FERC's final rule. FERC issued its final rule, Order No. 888, published at 61 FR 21540, on May 10, 1996, and followed with supplementary Order No. 888-A, published at 62 FR 12273, on March 14, 1997.

Southwestern began its formal process of developing this Final Tariff when it issued a Notice of Proposed Tariff published at 62 FR 50307 on September 25, 1997 (proposed Tariff).

Southwestern's Final Tariff is based on the suggested open access transmission tariff published as Appendix B to FERC Order No. 888-A (*pro forma* tariff). On October 9, 1997, Southwestern held a public information meeting at its Tulsa, Oklahoma offices. The formal comment period for the proposed Tariff lasted 45 days. Comments received during this formal period were considered in the development of the Final Tariff. Southwestern will submit the Final Tariff to FERC under a non-jurisdictional docket and request a declaratory order from FERC that the Final Tariff meets or exceeds the FERC comparability standards set forth in FERC Orders No. 888 and 888-A.

The transmission facilities which Southwestern owns and operates are committed to the delivery of Federal hydroelectric capacity and energy under

the terms and conditions of electric service contracts which implement Southwestern's statutory obligations to market Federal power. Fulfillment of such obligations is complementary with the provisions of the Final Tariff. Transmission service provided by Southwestern under the Final Tariff is available for the transmission capacity in Southwestern's system in excess of that required by Southwestern for the integration of its resources for the long-term reliable delivery of Federal power allocated to customers under contract to Southwestern. Nothing in the Final Tariff alters, amends, or abridges the statutory or contractual obligations of Southwestern to market and deliver Federal power resources and to repay the Nation's investment in the generation and transmission facilities from which Southwestern markets hydropower and energy.

Southwestern has prepared this Final Tariff and service agreements to provide transmission service comparable to that required of public utilities by FERC Orders No. 888 and 888-A, and to implement those Orders consistent with DOE Policy. Southwestern intends to provide Firm and Non-Firm Point-to-Point Transmission Service and Network Integration Transmission Service under the terms and conditions of the Final Tariff. The Final Tariff does not include any rates or charges for services, as Southwestern's rates are developed under a separate public process pursuant to applicable Federal law and regulations. However, Southwestern's rate schedule for non-Federal transmission service has been developed in coordination with the provisions of the *pro forma* Tariff and conforms in all respects to the Final Tariff. Service agreements which incorporate the Final Tariff will also include Southwestern's rate schedule for non-Federal transmission service.

Based on a reasonable level of risk, Southwestern has historically marketed the maximum practical power from its resources, leaving little or no flexibility for provision of additional power services. Changes in water conditions frequently affect the ability of hydroelectric projects to meet obligations on a short-term basis. The unique characteristics of the hydro resource and its inherent limitations due to changing water conditions may limit Southwestern's ability to provide generation-related services such as ancillary services and redispatching under the Final Tariff.

III. Comments Raised During the Development of This Final Tariff

The formal public comment period produced a number of comments about the proposed Tariff. The following discussion highlights the more significant comments and Southwestern's responses.

Comment. Commentors expressed concern that Southwestern did not specify power loss factors and rates in the proposed Tariff.

Response. Southwestern chose not to duplicate matters in the Tariff which are covered in its rate schedules. The rate schedules are developed under a separate process dictated by Federal regulations which includes a significant public participation process. Four percent losses, based on a recent loss study, are included in the proposed rate schedules which are expected to go into effect January 1, 1998.

Comment. Commentors were concerned about Southwestern's statement in the proposed Tariff that Network Service may not be provided. A commentor finds Attachments F, G, and H, having to do with Network Service, inadequate.

Response. Southwestern has determined that Network Integration Transmission Service will be provided, and is addressed in its proposed rate schedule for non-Federal transmission service. Southwestern is publishing a network service agreement in Attachment F to the Final Tariff. Attachment G, on the Network Operating Agreement, has not been changed from the proposed Tariff because Southwestern expects that, in the event that network service is requested, the operating agreements will be unique to each arrangement and will be individually negotiated. Attachment H does not specify Southwestern's annual revenue requirement, but refers to Southwestern's rate schedule for non-Federal transmission service which has that information. This reference is consistent with Southwestern's decision to place all matters related directly to rates in the rate schedules rather than in the Final Tariff.

Comment. Commentors objected to the changes Southwestern proposes to make in the *pro forma* tariff provisions related to stranded costs (Sections 26 and 34.5) and related to payment for direct assignment facilities, ancillary services, and study costs (Section 34). The objection was that citing applicable Federal law and regulations as the guidance for such actions is more vague than the original language which cites FERC Order No. 888 and FERC policy,

respectively, as the guidance for such recovery.

Response. Southwestern originally made the changes to the proposed Tariff because Southwestern is not under the jurisdiction of the FERC. However, upon a closer reading of these sections, Southwestern has determined that acknowledging the guidance of the FERC in these matters does not impair Southwestern's non-jurisdictional status. Accordingly, Southwestern has returned, in part, to the *pro forma* tariff language in Sections 26 and 34.5. In Section 34, Southwestern changed the phrase "Federal policy" in the proposed Tariff to "Federal practice" in the Final Tariff, which effectively makes the cited guideline more limited and specific.

Comment. A commentor was concerned that Southwestern has not deleted language in some sections, such as 20.2 and 21.2, which may suggest that the FERC has jurisdiction over Southwestern greater than it does indeed have. The commentor requested additional deletions in these and other sections or recommended that references to FERC policy or rules be amended to refer instead to Federal laws, regulations, and policies.

Response. The DOE Policy issued October 4, 1995, directs Southwestern to offer transmission service in a manner comparable to the FERC's final rule on open access transmission service "to the extent not otherwise prohibited by law." Upon examination, Southwestern judges that the specific recommended changes are not necessary to preserve Southwestern's non-jurisdictional status, so the suggested changes were not incorporated into the Final Tariff.

Comment. A commentor objects to any provisions which would permit Southwestern to provide service without an executed agreement.

Response. Southwestern prefers to provide service only when an executed Service Agreement exists, and intends to avoid providing service without the protection of an executed agreement if at all possible. However, in the present utility environment, Southwestern believes it must be able to initiate transmission service without an executed agreement, if necessary. Accordingly, Southwestern did not change the provisions of its proposed Tariff which address this matter.

Comment. A commentor made several suggestions for additions to the *pro forma* tariff language which would state, in various forms, that Southwestern is limited to actions which are consistent with its authorities granted under Federal law, regulations, or policies.

Response. Southwestern is indeed limited in its actions due to its status as

a Federal agency. However, in all but one of the cases where such additions were suggested, Southwestern determined that necessary limitations were implicit in the *pro forma* tariff language and did not require an explicit statement. While such additions could be proper, Southwestern has adhered to the principle of avoiding making changes, either of omission or addition, to the *pro forma* tariff language unless such changes are necessary to preserve Southwestern's authorities and obligations under Federal law, regulations, and policies. Except for an addition to Section 13.5, the proposed changes were not considered necessary for such preservation.

Comment. Commentors found the language in Attachment J stating that Federal Customers are considered to be the equivalent to Native Load Customers insufficient to protect the rights of Federal power customers. One commentor recommended that Southwestern insert a "binding provision" in the body of the Final Tariff to the effect that the Tariff applies only to transmission capacity in excess of the requirements of Southwestern's primary mission. Others suggested that the *pro forma* tariff definition of Native Load Customer be amended to reflect Southwestern's statutory obligations to market and deliver Federal power and energy, or recommended other changes to Attachment J.

Response. Southwestern edited Attachment J to strengthen and clarify its authority and obligations and inserted the new language as a Preamble to the Final Tariff. Southwestern removed the language which stated that its Federal power customers are the equivalent of Native Load Customers, and did not alter the *pro forma* tariff definition the Final Tariff. Placing this language in the body of the Final Tariff should alleviate the concerns of the commentor.

Comment. One commentor objects to the process in Section 7.3 for customers who are in default due to non-payment of bills. The commentor believes that Southwestern's proposed language is inferior to the *pro forma* tariff language because it does not provide the same level of recourse as the *pro forma* tariff.

Response. Southwestern believes that its provision for handling customer defaults is appropriate, as referring disputes to the FERC (*pro forma* tariff provision) is not consistent with Southwestern's non-jurisdictional status. Southwestern believes that a specific reference to the disputes resolution procedures of the Final Tariff is unnecessary in this Section.

Comment. A commentor requests that Southwestern amend Section 9 of the proposed Tariff to preserve customers' rights to participate in any public process to amend the Tariff.

Response. Southwestern is committed to providing a public process for any future changes it may make to the Final Tariff in accordance with the Administrative Procedures Act. However, Southwestern does not consider the Tariff itself as an appropriate place to state this commitment. In addition, FERC's normal filing processes provide for intervention by any interested party, which gives customers an additional opportunity for input into the process.

Comment. A commentor made extensive comments on Southwestern's intent to require in advance any funds needed for studies or construction. The concerns were two-fold. First was a recommendation that Southwestern include language in construction contracts to delineate ownership rights for any facilities which use a customer's advance funds, including circumstances where such facilities are not completed. Secondly, the customer objected to Southwestern's deleting all references in the *pro forma* tariff language to the return of deposits with interest.

Response. Under the *pro forma* tariff, all studies and construction are provided for under separately negotiated agreements between the Transmission Provider and the Transmission Customer. Southwestern has long had a practice of addressing ownership of facilities in its construction agreements, and will continue to do so. While this matter is not directly related to the tariff, per se, Southwestern will endeavor to take these comments into account during any future negotiations for study and construction agreements.

It has never been Southwestern's practice to pay interest on funds deposited in advance for facilities studies or construction, principally because Southwestern has no way of accruing interest on such funds, which are directly deposited into the U.S. Treasury. If interest were to be paid on refunded amounts, the expense would necessarily become part of the rate base and would therefore be borne by all customers. Therefore, Southwestern will continue to delete language in the *pro forma* tariff which would require Southwestern to pay interest on refunded amounts.

Comment. Commentors objected to Southwestern's proposal to replace the *pro forma* tariff's provisions for a deposit which could be returned with interest with a nonrefundable

processing fee. The primary concern seemed to be that the fee, which was not specified in the proposed Tariff, might be unduly burdensome.

Response. Southwestern specifies the amounts of such fees in its Final Tariff, based on estimated staff costs for evaluating a customer request. Southwestern believes that the specified fees are reasonable and should not be unduly burdensome to potential customers of these services.

Comment. One commentor is concerned that Southwestern may wish to charge an agency fee if Southwestern has to purchase some ancillary services. Another commentor was concerned that Southwestern's hydroelectric resources might be compromised by providing generation-related ancillary services at all, and suggests that Southwestern confine itself to brokering such ancillary services, rather than to providing them directly. Still another suggested that further limitations on the provision of ancillary service be inserted into the Final Tariff, and objects to an implication that Southwestern would set the level of some ancillary services unilaterally in service agreements.

Response. The Final Tariff provides that, in the event that Southwestern purchases ancillary services on behalf of a customer, the costs are passed through to the customer. Southwestern has no intent to charge an agency fee or other markup. Southwestern believes that the limitations on its ability to use Federal power resources to provide ancillary services are sufficiently set forth in its revisions to Section 3. Language in Schedules 1 through 6 which previously indicated that the level of some ancillary services would be set in the service agreement has been removed. Southwestern believes that brokering ancillary services, except when hydropower resources are severely limited, is not a practical way to provide such services.

Comment. A commentor pointed out that the provision in Section 13.8 for submitting schedules for firm transmission service by 10:00 a.m. of the previous day is not consistent with regional practice.

Response. Southwestern agrees, and has changed the references to 10:00 a.m. to 2:00 p.m.

Comment. A commentor was concerned about the requirement that Energy Imbalances be corrected within 30 days and recommended a longer period before the Transmission Customer is assessed a charge for such service.

Response. Southwestern does not foresee this issue being a problem based on historical interactions with those of

its customers which are located within Southwestern's Control Area, which are the only customers to whom this ancillary service would apply. Again, Southwestern desires to avoid making changes to the *pro forma* tariff where possible.

Comment. A commentator requests that Southwestern state for the record that it "intends to abide by its existing contracts, including rates set forth in those contracts."

Response. Southwestern will indeed abide by its existing contracts. However, all such contracts provide that rates may be changed, as needed, in conformity with Southwestern's rate process, which is subject to Federal regulations and which is driven by Southwestern's legal requirement to recover its costs and to repay the Nation for its investment in the generation and transmission facilities from which Southwestern markets Federal power and energy. Existing contracts provide for terms and conditions of service, but specify that rates for services under such contracts change when Southwestern's rates change. Such customers have the right to terminate these contracts if they find changed rates unsatisfactory.

Comment. A commentator expressed concern that Southwestern's decision to not publish its standard contracts as part of the proposed Tariff could lead to inequity for future transmission customers.

Response. Southwestern is publishing its standard Service Agreements in the Final Tariff.

Comment. Commentors found Attachments C and D to the Tariff, on Southwestern's methodology for assessing Available Transfer Capability (ATC) or for doing System Impact Studies, respectively, inadequate.

Response. Southwestern changed its Attachment C to cite the specific Southwest Power Pool (SPP) methodology for assessing ATC. Southwestern's ATC is computed as part of the SPP, from data supplied by Southwestern, and is not an independent Southwestern process. As this methodology is lengthy and is publicly available, Southwestern sees no reason to include it in greater detail in the Final Tariff. Southwestern amends Attachment D to indicate that Southwestern is in the process of developing and standardizing its criteria for evaluating facilities. The new standards, when available, may be requested by any current or potential customer.

Comment. Commentors expressed a concern about the rate calculation process, and expressed a desire for Southwestern to develop an

"adjustment method" for correcting over- or under-collection of revenues for transmission services.

Response. The process of rate design and calculation is not pertinent to the Tariff. All rates for non-Federal transmission service, and the process of their development, are handled under a separate regulatory process. Southwestern's annual Power Repayment Study automatically factors in any over- or under-collection of revenues and makes necessary adjustments to the rates as warranted.

IV. Summary of Significant Changes from the Southwestern's Proposed Tariff

Attachment J, "Authorities and Obligations," of the proposed Tariff was deleted in the Final Tariff, and an edited portion of the original text was inserted as the Preamble to the Final Tariff.

The language added by Southwestern to the *pro forma* tariff in Section 3, "Ancillary Services" was edited for clarity.

Southwestern amended Section 7, "Billing and Payment," of the proposed Tariff by changing the due date for invoices (7.1), by clarifying the section (7.3) on customer default, and by adding two new sections (7.4 and 7.5) on billing to the body of the Final Tariff, from these provisions' previous position in the proposed service agreements. These changes place all language on billing in one section and change the due date provision to conform to Southwestern's invoicing practice.

Southwestern restored Section 10.1, "Force Majeure," to the language of the *pro forma* tariff.

Southwestern amended Section 12, "Dispute Resolution Procedures," by restoring most of the last sentence in 12.1 of the *pro forma* tariff language, adding a new subsection, "External Dispute Resolution Procedures," and renumbering the old Section 12.2 to 12.3.

Southwestern added the phrase, "and subject to the Transmission Provider's authority under Federal law to complete the expansion or upgrade" to the end of the first sentence in Section 13.5, "Transmission Customer Obligations for Facility Additions or Redispatch Costs."

Southwestern changed the scheduling deadline in Section 13.8, "Scheduling of Firm Point-to-Point Transmission Service," from 10:00 a.m. to 2:00 p.m.

Southwestern changed the language in Sections 15.7 and 28.5, "Real Power Losses," from referring to service agreements for loss factors and rates, to referring to Southwestern's rate schedules.

Southwestern changed the mailing address given in Section 17.1, "Application," from Southwestern's post office box address to its street address, to reflect a decision to phase out the post office box address in the future.

Sections 17.3, "Processing Fee," and 29.2, "Application Procedures," were amended to insert specific application processing fees.

Sections 19.4 and 32.4, "Facilities Study Procedures," were edited to correct minor inconsistencies in language related to payment of funds.

Section 24.3, "Power Factor," was edited to reflect the fact that Southwestern's power factor requirements are stated in its rate schedules rather than in service agreements.

Section 25, "Compensation for Transmission Service," was edited to reflect the fact that the rates for service under the Final Tariff are in Southwestern's rate schedule rather than in the Schedules 7 and 8 attached to the Final Tariff.

Sections 26 and 34.5, "Stranded Cost Recovery," were changed by restoring part of the original *pro forma* tariff language.

Section 34, "Rates and Charges," was edited to change the phrase "Federal policy" to "Federal practice."

Schedules 1 through 8 were simplified and restored more nearly to the *pro forma* tariff.

Southwestern deleted its Attachments A, B, and F of the proposed Tariff, and replaced them with standard service agreements for long-term firm transmission service, for short-term firm and non-firm transmission service, and for network integration transmission service, respectively.

Minor editing in Attachments C and D provide additional clarity and specificity.

A list of transmission customers was added to Attachment E.

Attachment H was edited to remove language in the proposed Tariff and to refer to Southwestern's rate schedule for transmission service as the source for Southwestern's annual revenue requirement in regard to network integration transmission service.

V. Coordination With Adoption of Open Access Transmission Rates

Southwestern's rate process, which is distinct from the rate process used by public utilities, includes mandatory public participation procedures, as described in 10 CFR 903. Additionally, Southwestern's rates are reviewed by the FERC under different parameters

than those used for review of public utility rates.

Southwestern is presently in the process of filing new rates and rate schedules, and expects to implement such new rates on January 1, 1998. The proposed rates for transmission service are structured in accordance with the Final Tariff. The new rate schedules will be attached to service agreements executed under the Tariff.

Review Under Executive Order 12866

Southwestern has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget (OMB) is required.

Review Under the Regulatory Flexibility Act

The Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, requires Federal agencies to perform a regulatory flexibility analysis if a proposed regulation is likely to have a significant economic impact on a substantial number of small entities. Pursuant to the execution of this **Federal Register** notice, the Administrator, Southwestern, certifies that no significant economic impact on a substantial number of small entities will occur.

A redline/strikeout comparison of Southwestern's Final Tariff to the FERC *pro forma* tariff is available on the Internet at <http://www.swpa.gov>.

Dated: December 18, 1997.

Michael A. Deihl,
Administrator.

Open Access Transmission Service Tariff

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- Open Access Transmission Service Tariff**
- Preamble: Authorities and Obligations**
- Southwestern Power Administration (Southwestern) was created by Secretarial Order No. 1865, dated August 31, 1943, as an agency of the Department of the Interior, to carry out the power marketing responsibilities assigned to the Secretary of the Interior by Executive Orders 9366, dated July 30, 1943, and 9373, dated August 30, 1943. Section 5 of the Flood Control Act of December 22, 1944 (58 Stat. 887, 890; 16 U.S.C. 825s) broadened the power marketing responsibilities of the Secretary of the Interior by placing in him the responsibility for marketing the electric power and energy generated at reservoir projects built by and under the control of the Department of the Army. Under Public Law 95-456 (92 Stat. 1230; 16 U.S.C. 825s-3), Southwestern became part of the Department of Energy pursuant to Section 302 of the Department of Energy Organization Act (91 Stat. 578; 42 U.S.C. 7152) in 1977. Pursuant to the Flood Control Act of 1944, Southwestern markets

hydroelectric power and energy which is generated at U.S. Army Corps of Engineers (Corps) Dams in excess of project needs "to encourage the most widespread use thereof at the lowest possible rates to consumers consistent with sound business principles * * *. Preference in the sale of such power and energy shall be given to public bodies and cooperatives." Further, "only such transmission lines and related facilities as may be necessary in order to make the power and energy generated at such projects available in wholesale quantities for sale * * *" may be constructed or acquired to fulfill this mission.

Southwestern markets power and associated energy from Corps hydroelectric generation projects in the States of Arkansas, Missouri, Oklahoma, and Texas, primarily to customers which have received formal allocations of specified quantities of Federal power and associated energy (Federal Power Customers) in those states as well as in the States of Kansas and Louisiana. By statute, Southwestern's Transmission System was constructed to enable the integration of Southwestern's hydroelectric power resources to satisfy Southwestern's contractual obligations to its Federal Power customers. Southwestern sells transmission service from federally owned or controlled facilities only to the extent that transmission capacity is available in excess of that necessary to reliably deliver Federal power.

Southwestern is not a jurisdictional public utility under Sections 205 and 206 of the Federal Power Act and is not specifically subject to the requirements of the Federal Energy Regulatory Commission's (FERC) Final Orders Nos. 888 and 888-A. However, Southwestern is a transmitting utility subject to Section 211 of the Federal Power Act as amended by the Energy Policy Act of 1992. Southwestern is also subject to the reciprocity provisions of FERC Order Nos. 888 and 888-A. Additionally, the Department of Energy has issued a Power Marketing Administration Open Access Transmission Policy that supports the intent of the FERC Final Rule in Order No. 888. Southwestern submits this version of the FERC's Open Access Transmission Tariff (Tariff) as comparable to the *pro forma* tariff published in FERC Order No. 888-A with the proviso that nothing in this Tariff alters, amends, or abridges the statutory or contractual obligations of Southwestern to market and deliver Federal power resources and to repay the Federal investment in the facilities from which Southwestern markets such resources.

Part I. Common Service Provisions

1 Definitions

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

1.2 *Annual Transmission Costs:* The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider or modified by the Commission, pursuant to Federal law.

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

1.4 *Commission:* The Federal Energy Regulatory Commission.

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

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

(1) Match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

(2) Maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

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

(4) Provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

1.7 *Curtailment:* A reduction in firm or non-firm transmission service in response to a transmission capacity shortage as a result of system reliability conditions.

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

1.9 *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.

1.10 *Direct Assignment Facilities:* Facilities or portions of facilities that are constructed by the Transmission

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

1.11 *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.

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

1.13 *Firm Point-To-Point Transmission Service:* Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

1.14 *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.

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

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

1.17 *Load Shedding*: The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

1.18 *Long-Term Firm Point-To-Point Transmission Service*: Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

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

1.20 *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.

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

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

1.23 *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.

1.24 *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.

1.25 *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.

1.26 *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.

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

1.28 *Open Access Same-Time Information System (OASIS)*: The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.29 *Part I*: Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

1.30 *Part II*: Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.31 *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.

1.32 *Parties*: The Transmission Provider and the Transmission

Customer receiving service under the Tariff.

1.33 *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.

1.34 *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.

1.35 *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.

1.36 *Power Purchaser*: The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

1.37 *Receiving Party*: The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

1.38 *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.

1.39 *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.

1.40 *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.

1.41 *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.

1.42 *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.

1.43 *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.

1.44 *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.

1.45 *Transmission Customer*: Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement or (ii) requests in writing that the Transmission Provider provide transmission service without a Service Agreement, pursuant to Section 15.3 or 29.1 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.

1.46 *Transmission Provider*: Southwestern Power Administration, which owns, controls, or operates the facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.

1.47 *Transmission Provider's Monthly Transmission System Peak*: The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.

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

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

2 Initial Allocation and Renewal Procedures

2.1 *Initial Allocation of Available Transmission Capability*: For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of

the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

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

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 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 Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. However, when sufficient Federal generation is not available to provide the required Ancillary Services, the Transmission Provider will offer to make every effort to purchase Ancillary Services from others, as available. The costs of such purchases on behalf of a Transmission Customer will be passed directly through to that Transmission Customer. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider.

If the Transmission Provider is a utility providing transmission service, but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5, and 6) 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 3.6 below list the six 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 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.

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). In the event available transmission 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.

5 Local Furnishing Bonds

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

5.2 Alternative Procedures for Requesting Transmission Service:

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

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

6 Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to the Transmission Provider on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. A Transmission Customer that is a member of a power pool or Regional Transmission Group also agrees to provide comparable transmission service to the members of such power pool and Regional Transmission Group on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates.

This reciprocity requirement applies not only to the Transmission Customer

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

7 Billing and Payment

7.1 Billing Procedure: Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the Transmission Provider, or by wire transfer to a bank named by the Transmission Provider.

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

7.3 Customer Default: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Within the same 30 calendar days after notice of failure to make payment, the Transmission Customer shall have the right of appeal to the Administrator, Southwestern Power Administration. The Transmission Provider shall

continue service until the Administrator makes a determination on the Transmission Customer's appeal. Service may be terminated without further notice if Transmission Customer's appeal is denied. 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 Payment Process: Payment of amounts due to the Transmission Provider may be made through electronic funds transfer (EFT) or may be submitted as checks and mailed to: Southwestern Power Administration P.O. Box 845994 Dallas, Texas 75284-5994

EFT payments shall conform to the Transmission Provider's protocols for electronic transfer of funds in effect at the time of the payment. The designation of the address where payment is to be submitted may be changed by the Transmission Provider upon 30 days' written notice to the Transmission Customer. The Parties shall exchange such reports and information as either Party requires for billing purposes.

7.5 Net Billing: By agreement of the Parties, payments due the Transmission Provider by the Transmission Customer may be offset against payments due the Transmission Customer by the Transmission Provider for the sale or exchange of electric power, energy, and other services. For services included in net billing procedures, payments due the Transmission Customer in any month shall be offset against payments due the Transmission Provider in such month, and the resulting net balance shall be paid by the Transmission Customer when the balance exists in favor of the Transmission Provider, and shall be applied against future payments due the Transmission Provider when the balance exists in favor of the Transmission Customer. Net billing procedures shall not be used for any amounts which the Transmission Provider determines, in its sole judgment, to be in dispute.

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

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

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

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

9 Regulatory Filings

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

10 Force Majeure and Indemnification

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

10.2 Indemnification: The Transmission Customer shall at all

times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider. The liability of the Transmission Provider shall be determined in accordance with the provisions of the Federal Tort Claims Act, as amended.

11 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. In addition, the Transmission Provider may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to the Transmission Provider and consistent with commercial practices established by the Uniform Commercial Code that protects the Transmission Provider against the risk of non-payment.

12 Dispute Resolution Procedures

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

12.2 External Dispute Resolution Procedures: Any complaint arising concerning implementation of this Tariff shall be resolved as follows:

(A) Through a dispute resolution process, pursuant to the terms of a regional transmission association governing agreement of which both Parties are members; or

(B) If both Parties are not members of the same regional transmission association, through a dispute resolution process agreed to by the Parties, or through a transmission complaint filed with the Commission, to the extent the Commission has jurisdiction over such dispute.

12.3 Alternative Disputes Resolution Act: Any dispute regarding service provided under the Service Agreement will be resolved in a manner consistent with the Administrative Disputes Resolution Act, as amended, subject to statutory and regulatory limits on the Transmission Provider's authority to submit disputes to arbitration.

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

Part II. Point-to-Point Transmission Service

Preamble

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

13 Nature of Firm Point-To-Point Transmission Service

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

13.2 Reservation Priority: Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis *i.e.*, in the chronological sequence in which each Transmission Customer reserved service. Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction. If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines; one day before the commencement of daily service, one week before the commencement of weekly service, and one month before

the commencement of monthly service. Before the conditional reservation deadline, if available transmission capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term reservation 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. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff. 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 agreements executed on or after March 9, 1998. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

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

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, and subject to the Transmission Provider's authority under Federal law to complete the expansion or upgrade. The Transmission Customer must agree to compensate the Transmission Provider in advance for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint more economically by redispatching the Transmission Provider's resources than through constructing Network Upgrades, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement or a separate agreement, as appropriate, prior to initiating service.

13.6 Curtailment of Firm Transmission Service: In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the

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

13.7 Classification of Firm Transmission Service: (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.

(b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.

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

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 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 schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes.

Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

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

14.1 Term: Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term)

so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority: Non-Firm Point-To-Point Transmission Service shall be available from transmission capability in excess of that needed for reliable service to Native Load Customers, Network Customers, and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned to reservations with a longer duration of service. In the event the Transmission System is constrained, competing requests of 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 reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) Immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider: The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under agreements executed on or after March 9, 1998. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.4 Service Agreements: The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed

Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff.

14.5 Classification of Non-Firm Point-To-Point Transmission Service: Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Transmission Provider shall specify 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 schedules of energy that are to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the

Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14.7 Curtailment or Interruption of Service: The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

15 Service Availability

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

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

15.3 Initiating Service in the Absence of an Executed Service Agreement: If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Provider shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the Transmission Provider at the existing rate placed in effect pursuant to Federal law, regulations, and policies, and (ii) comply with the terms and conditions of the Tariff including paying the appropriate processing fees in accordance with the terms of Section 17.3. If the Transmission Customer cannot accept all of the terms and conditions of the offered Service Agreement, the Transmission Customer may request resolution of the unacceptable terms and conditions under Section 12, Dispute Resolution Procedures, of the Tariff. Any changes resulting from the dispute resolution procedures will be effective upon the date of initial service.

15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System: 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, provided the Transmission Customer agrees to compensate the Transmission Provider in advance for such costs pursuant to the terms of Section 27. The

Transmission Provider will conform to Good Utility Practice 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.

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

15.6 *Other Transmission Service Schedules:* Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

15.7 *Real Power Losses:* Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are specified in the Transmission Provider's rate schedule for transmission service, and may be adjusted, from time to time, in accordance with the results of periodic studies.

16 *Transmission Customer Responsibilities*

16.1 *Conditions Required of Transmission Customers:* Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;

d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission

Customer takes service for the full term of its reservation; and

e. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

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

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

17.1 *Application:* A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to Administrator, Southwestern Power Administration, One West Third Street, Suite 1400, Tulsa, Oklahoma 74103, 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 the Tariff, by Federal law, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service; and
- (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.

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

17.3 *Processing Fee:* A Completed Application for Firm Point-To-Point Transmission Service also shall include a nonrefundable processing fee of \$300 for all requests for Firm Transmission Service of one year or longer. This fee does not apply to costs to complete System Impact Studies or Facility Studies or to add new facilities.

17.4 *Notice of Deficient Application:* If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen

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

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

17.6 Execution of a Service Agreement: Whenever the Transmission Provider determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request service without an executed service agreement pursuant to Section 15.3 within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application. 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 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. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

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

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

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

- (vii) The electrical location of the ultimate load.

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

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 Transmission Capability: Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transmission capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service: (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service.

19 Additional Study Procedures for Firm Point-to-Point Transmission Service Requests

19.1 Notice of Need for System Impact Study: After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it

shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to advance funds to the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn.

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

(ii) If, in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.

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

19.3 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 any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. 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. 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 service without an executed 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 advance funds to the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the

Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall pay the Transmission Provider, in advance, the Transmission Customer's share of the costs of new facilities or upgrades. The Transmission Customer shall have thirty (30) days to execute a construction agreement and a Service Agreement and to provide the advance payment or request service without an executed Service Agreement pursuant to Section 15.3, and pay the Transmission Customer's share of the costs, or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn. Any advance payment made by the Transmission Customer which is in excess of the costs incurred by the Transmission Provider shall be refunded.

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

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 advance payment made by the Transmission Customer that is in excess of the costs incurred by the Transmission Provider through the time construction was suspended shall be returned. However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended.

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

21.1 *Responsibility for Third-Party System Additions:* The Transmission Provider shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Transmission Provider will

undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including, without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

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

Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

22 Changes in Service Specifications

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

(a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis, and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the Transmission Provider on behalf of its Native Load Customers.

(b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.

(c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.

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

22.2 Modifications on a Firm Basis: Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof except that such Transmission Customer shall not be obligated to pay any additional application processing fee if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

23 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service: Subject to 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 the Reseller shall not exceed the higher of (i) the original rate paid by the Reseller, (ii) the Transmission Provider's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at the Transmission Provider's cost of expansion. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service

Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. A Reseller should notify the Transmission Provider as soon as possible after any assignment or transfer of service occurs but in any event, notification must be provided prior to any provision of service to the Assignee. The Assignee will be subject to all terms and conditions of the Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

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

23.3 Information on Assignment or Transfer of Service: In accordance with Section 4, Resellers may use the Transmission Provider's OASIS to post transmission capacity available for resale.

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

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

24.2 Transmission Provider Access to Metering Data: The Transmission Provider shall have access to metering data, which may reasonably be required

to facilitate measurements and billing under the Service Agreement.

24.3 Power Factor: Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Provider pursuant to Good Utility Practices. The power factor requirements are specified in the Transmission Provider's rate schedule for transmission service.

25 Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Transmission Provider's rate schedule for transmission service which is promulgated, and may be modified, pursuant to applicable Federal law, regulations, and policies. 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 rates.

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, in a manner consistent with applicable Federal law and regulations.

27 Compensation for New Facilities and Redispatch Costs

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

Part III. Network Integration Transmission Service

Preamble

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration

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

28 Nature of Network Integration Transmission Service

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

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

construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load is contingent upon the availability to the Transmission Provider of sufficient appropriations, when needed, and the Transmission Customer's advanced funds.

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

28.4 *Secondary Service:* The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.

28.5 *Real Power Losses:* Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are specified in the Transmission Provider's rate schedule for transmission service, and may be adjusted, from time to time, in accordance with the results of periodic studies.

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

29 Initiating Service

29.1 *Condition Precedent for Receiving Service:* Subject to the terms and conditions of Part III of the Tariff,

the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that the Transmission Provider provide service without an executed Service Agreement, and (iv) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment G. If the Transmission Provider and the Network Customer cannot agree on all the terms and conditions of the Network Service Agreement, the Transmission Provider shall commence providing Network Integration Transmission Service subject to the Network Customer's agreeing to (i) compensate the Transmission Provider at the existing rate placed in effect pursuant to applicable Federal law, regulations, and policies, and (ii) comply with the terms and conditions of the Tariff, including paying the appropriate processing fees in accordance with the terms of Section 29.2. If the Network Customer cannot accept all of the terms and conditions of the offered Service Agreement, the Network Customer may request resolution of the unacceptable terms and conditions under Section 12, Dispute Resolution Procedures, of the Tariff. Any changes resulting from the dispute resolution procedures will be effective upon the date of initial service.

29.2 *Application Procedures:* An Eligible Customer requesting service under Part III of the Tariff must submit an Application to the Transmission Provider as far as possible in advance of the month in which service is to commence. 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 for Network Integration Transmission Service shall include a non-refundable application processing fee of \$1,200. This fee does not apply to costs to complete System Impact Studies or Facility Studies or to add new facilities. A Completed Application shall provide all of the information included in 18 CFR 2.20 including but not limited to the following:

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

—Any must-run unit designations required for system reliability or contract reasons;

—Approximate variable generating cost (\$/MWH) for redispatch computations;

—Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource;

—Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery point(s) to the Transmission Provider's Transmission System;

(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; and

(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.

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

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

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

29.4 Network Customer Facilities: The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer'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.

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 noninterruptible basis. 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 by a request for modification of service pursuant to an Application under Section 29.

30.3 Termination of Network Resources: The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource at any time but should provide notification to the Transmission Provider as soon as reasonably practicable.

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. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System.

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, nondiscriminatory 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 constructed by the Network Customer subsequent to the Service Commencement Date under Part III of the Tariff, the Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with the Transmission Provider. Calculation of the credit shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

31 Designation of Network Load

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

31.2 New Network Loads Connected With the Transmission Provider: The Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a

new Application. The Transmission Provider will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 32.4 and shall be charged to the Network Customer in accordance with Commission policies.

31.3 Network Load Not Physically Interconnected with the Transmission Provider: This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

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

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

obligation to refund any advance of funds expended for purposes of providing facilities for a Network Customer. However, upon receipt of a Network Customer's written notice of such a cancellation or delay, the Transmission Provider will use the same reasonable efforts to mitigate the costs and charges owed to the Transmission Provider as it would to reduce its own costs and charges.

31.6 Annual Load and Resource Information Updates: The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff. The Network Customer also shall provide the Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.

32 Additional Study Procedures for Network Integration Transmission Service Requests

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

32.2 System Impact Study Agreement and Compensation: (i) The System Impact Study Agreement will

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

(ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.

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

32.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. 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. 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 service without an executed Service Agreement pursuant to Section 29.1, or the Application shall be deemed terminated and withdrawn.

32.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to advance funds to the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned. 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 advance funds to the Transmission Provider for the construction of new facilities, and such advance and construction shall be provided for in a separate agreement. If the construction of new facilities requires the expenditure of Transmission Provider funds, such construction shall be contingent upon the availability of appropriated funds. The Eligible Customer shall have thirty (30) days to execute a construction agreement and a Service Agreement or request service

without an executed Service Agreement pursuant to Section 29.1, and pay the Transmission Customer's share of the costs, or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn. Any advance payment made by the Transmission Customer which is in excess of the costs incurred by the Transmission Provider shall be refunded.

33 Load Shedding and Curtailments

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

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

33.3 Cost Responsibility for Relieving Transmission Constraints: Whenever the Transmission Provider implements least-cost redispatch procedures in response to a transmission constraint, the Transmission Provider and Network Customers will each bear a

proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

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

33.5 Allocation of Curtailments: The Transmission Provider shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Provider and Network Customer in proportion to their respective Load Ratio Shares. The Transmission Provider shall not direct the Network Customer to Curtail schedules to an extent greater than the Transmission Provider would Curtail the Transmission Provider's schedules under similar circumstances.

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

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

restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

34 Rates and Charges

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

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

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

34.3 Determination of Transmission Provider's Monthly Transmission System Load: The Transmission Provider's Monthly Transmission System Load is the Transmission Provider's Monthly Transmission System Peak minus the coincident peak usage of all 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, in a manner consistent with applicable Federal law and regulations.

35 Operating Arrangements

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

35.2 *Network Operating Agreement:* The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council (NERC) and the [applicable regional reliability council], (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and the [applicable regional reliability council] requirements. The Transmission Provider shall not unreasonably refuse to accept

contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

35.3 Network Operating Committee

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

Schedule 1

Scheduling, System Control and Dispatch Service

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

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

The Transmission Provider may modify the charges for Scheduling, System Control and Dispatch Service upon written notice to the Transmission Customer. Any change to the charges to the Transmission Customer for Scheduling, System Control and Dispatch Service shall be as set forth in a subsequent rate schedule promulgated

pursuant to applicable Federal laws, regulations, and policies, and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

Schedule 2

Reactive Supply and Voltage Control From Generation Sources Service

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities under the control of the Control Area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation 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 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 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 upon the rates referred to below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Control Area Operator.

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

The Transmission Provider may modify the charges for Reactive Supply and Voltage Control from Generation Sources Service upon written notice to

the Transmission Customer. Any change to the charges to the Transmission Customer for Reactive Supply and Voltage Control from Generation Sources Service shall be as set forth in a subsequent rate schedule promulgated pursuant to the above procedures and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

Schedule 3

Regulation and Frequency Response Service

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

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

The Transmission Provider may modify the charges for Regulation and

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

Schedule 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either obtain this service from the Transmission Provider or make alternative comparable arrangements 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 shall establish a deviation band of ± 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). Parties should attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days or within such other reasonable period of time as is generally accepted in the region and consistently adhered to by the Transmission Provider. If an energy imbalance is not corrected within thirty (30) days or a reasonable period of time that is generally accepted in the region and consistently adhered to by the Transmission Provider, the Transmission Customer will compensate the Transmission Provider for such service. Energy imbalances outside the deviation band will be subject to charges to be specified by the Transmission Provider. Compensation for Energy Imbalance Service will be as set forth below.

The compensation for Energy Imbalance Service is set forth in the appropriate rate schedule attached to and made part of the applicable Service Agreement. The rates or rate

methodology used to calculate the charges for service under this schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations, and policies.

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

Schedule 5

Operating Reserve—Spinning Reserve Service

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

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

The Transmission Provider may modify the charges for Operating Reserve—Spinning Reserve Service upon written notice to the Transmission Customer. Any change to the charges to the Transmission Customer for Operating Reserve—Spinning Reserve Service shall be as set forth in a subsequent rate schedule promulgated

pursuant to the above procedures and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

Schedule 6

Operating Reserve—Supplemental Reserve Service

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

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

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

Schedule 7

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

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

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

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

Schedule 8

Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-to-Point Transmission Service pursuant to its rate schedule for Non-Firm Point-to-Point Transmission Service attached to and made a part of the applicable Service Agreement. The rates or rate methodology used to calculate the charges for service under this schedule

were promulgated and may be modified pursuant to applicable Federal laws, regulations, and policies.

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

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

Attachment A

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

Note: The form of the agreement for short-term firm transmission service is Attachment B, which is an enabling agreement for short-term arrangements, both firm and non-firm.

Part A: Service Agreement for Long-Term, Firm Point-To-Point Transmission Service

1 This Service Agreement (Agreement), dated as of _____, is entered into, by and between Southwestern Power Administration (Transmission Provider or Southwestern), and _____ (Transmission Customer).

1.1 The Transmission Provider may revise rates for Firm Point-to-Point Transmission Service provided under this Service Agreement pursuant to applicable Federal laws, regulations, and policies upon written notice to the Transmission Customer.

1.2 The Transmission Provider may change the General Provisions of this Agreement (Part C) upon written notice to the Transmission Customer.

1.3 The Transmission Provider may recall all or part of the capacity reserved under this Service Agreement, with no less than 36

months' notice, if such capacity is required to fulfill the Transmission Provider's obligations under Section 5 of the Flood Control Act of 1944.

2 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Long-Term, Firm Point-To-Point Transmission Service under the Transmission Provider's Open Access Transmission Tariff (Tariff).

3 The Transmission Customer has provided to the Transmission Provider a processing fee in accordance with Section 17.3 of the Tariff.

4 The Tariff as presently constituted or as it may be revised or superseded is incorporated herein and made a part hereof.

5 Southwestern's rate schedule applicable to Firm Point-to-Point Transmission Service (Rate Schedule) as presently constituted or as it may be revised or superseded is incorporated herein and made a part hereof.

6 Service under this Agreement shall commence on the latest of:

(1) _____, (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) on the first day of the month following execution by both Parties. Service under this Agreement shall terminate on _____.

7 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 Agreement.

8 All schedules for service under this Agreement which cross Control Area boundaries between the Transmission Provider and interconnected utilities shall conform to the standards for scheduled interchange of the North American Electric Reliability Council and the applicable regional reliability council.

9 The Transmission Provider is not obligated under this Agreement to satisfy any deficiencies that may occur for the Transmission Customer as a result of suspension or reduction of schedules by a Third Party, nor is the Transmission Provider obliged to notify any party if such schedules are suspended or reduced due to the action of a Third Party.

10 Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider: Administrator, Southwestern Power Administration, One West Third Street, Suite 1400, Tulsa, OK 74103.

Transmission Customer:

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

SOUTHWESTERN POWER
ADMINISTRATION

By: _____
ADMINISTRATOR
P.O. Box 1619

Tulsa, Oklahoma, 74101-1619

Date: _____

Reviewed by Southwestern's General Counsel:

By: _____

(TRANSMISSION CUSTOMER)

By: _____

Title: _____

Address: _____

Date: _____

Part B: Specifications for Long-Term Firm Point-To-Point Transmission Service

1 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2 Description of capacity to be transmitted by Transmission Provider, including the electric Control Area in which the transaction originates.

3 Point(s) of Receipt: _____

Delivering Party: _____

4 Point(s) of Delivery: _____

5 Receiving Party: _____

Maximum amount of capacity to be transmitted (Reserved Capacity): _____

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

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

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

Name(s) of any Intervening Systems providing Transmission Service:

8 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 and the Rate Schedule.

8.1 Transmission Charges are set forth in the Rate Schedule.

8.2 Real Power Losses will be applied and charged in accordance with the Rate Schedule.

8.3 Ancillary Services Charges are set forth in the Rate Schedule. The specific Ancillary Services to be charged initially under this Agreement are listed below. Changes in Ancillary Services, if applicable, are made in accordance with the Rate Schedule.

8.4 System Impact and/or Facilities Study Charge(s): (to be filled in if applicable)

8.5 Direct Assignment Facilities Charge: (to be filled in if applicable)

8.5 Other Charges, including transformation services and penalties, if applicable, will be determined by the Rate Schedule or set forth below:

Part C: General Provisions Applicable to Transmission Service

1 *Propriety of Rates.* The Transmission Provider shall bill the Transmission Customer for the Transmission Customer's purchases of power, energy, and other services in accordance with the Rate Schedule, which is placed in effect pursuant to statute.

1.1 The Transmission Customer hereby agrees to promptly pay the Transmission Provider under such Rate Schedule, whether or not the Transmission Customer agrees with the propriety or the levels of the rates placed into effect pursuant to law, regulation, or the order of an appropriate authority, subject to the Transmission Customer's rights to terminate service.

1.2 In the event that the U.S. Congress amends the manner in which the Transmission Provider calculates or charges for its products and services, the Transmission Customer hereby agrees to promptly pay in such an amended manner, subject to the Transmission Customer's right to terminate.

2 *Changes in Rates:* The rates and/or terms and conditions set forth in the Rate Schedule may change upon confirmation and/or approval by the appropriate authority having responsibility to so confirm and/or approve rate schedules, and, whether on an interim basis or as finally confirmed and/or approved, such rates may be increased, decreased, modified, or superseded at any time and from time to time.

2.1 If such rates are so increased, decreased, modified, or superseded, the rates and terms and conditions shall thereupon become effective and applicable to the Transmission Service furnished by the Transmission Provider under this Agreement, in accordance with and on the effective date specified in the order of the appropriate authority.

2.2 The Transmission Provider shall promptly notify the Transmission Customer in writing of the redetermination and/or changes and modifications made in the then-effective Transmission Provider's rate schedules for Transmission Service.

2.3 If such notice advises that the rates to be paid by the Transmission Customer for the Transmission Service furnished by the Transmission Provider under this Agreement are greater than the then-effective rate for such service, The Transmission Customer may, by written notice to the Transmission Provider at any time within 90 days following the date of receipt of such notice from the Transmission Provider, terminate this Agreement in its entirety, such termination to become effective as of the last day of any month following no less than 6 months after the date of receipt by the Transmission Provider of such notice of termination from the Transmission Customer.

2.4 In the event that the Transmission Customer elects to terminate this Agreement pursuant to this Section 2, the Transmission

Customer shall pay for services under this Agreement at the then-effective rates during the interim between the date of such notice and the effective termination date specified in such notice.

3 *Availability of Funds to the Transmission Provider:* This Agreement and all rights and obligations hereunder, and the expenditure of funds by the Transmission Provider under its provisions, are expressly conditioned and contingent upon the U.S. Congress's making available (through direct appropriation, authorization of a revolving fund, the authority to borrow funds, or through such other means as it may provide) the necessary funds to enable the Transmission Provider to carry out the provisions of this Agreement, and if such funds are not available, this Agreement shall terminate and have no further force or effect as of the last day for which funds were available, and the Transmission Customer hereby releases the Transmission Provider from any and all liability for failure to perform and fulfill its obligations under this Agreement for that reason.

3.1 No obligation contained herein for the future payment of money by the Transmission Provider, or liability on the part of the Transmission Provider for breach of any of the provisions contained herein, shall be binding upon or enforceable against the Transmission Provider unless and until funds, as provided in this Section 3, are available out of which such obligations or liability can be legally paid.

3.2 Nothing in this Agreement may be considered as implying that the U.S. Congress will, at a later date, appropriate funds sufficient to meet any deficiencies or obligations incurred under this Agreement.

4 *Covenant Against Contingent Fees:* The Transmission Customer warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the Transmission Customer for the purpose of securing business. For breach or violation of this warranty, the Transmission Provider shall have the right to annul this Agreement without liability, or, at its discretion, to add to the Agreement price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

5 *Termination for Breach:* If either Party breaches a material provision of this Agreement, the other Party, at its option, may terminate this Agreement upon 30 days' prior written notice of its intention to do so, and this Agreement *ipso facto* shall terminate at the end of such 30-day period unless such violation is corrected within that period. Neither Party shall be considered to be in default or breach with respect to any obligation under this Agreement if prevented from fulfilling such obligation by reason of an Uncontrollable Force.

6 *Convict Labor:* In connection with the performance of work under this Agreement, the Transmission Customer agrees not to employ any person under going sentence of imprisonment except as provided by Pub. L.

89-176, September 10, 1965 (18 U.S.C. 4062 (c)(2)), and Executive Order 11755, December 29, 1973.

7 *Equal Employment Opportunity:* During the performance of this Agreement, the Transmission Customer agrees to abide by and to fulfill the nondiscrimination requirements of the "equal opportunity clause" contained in Section 202 of Executive Order 11246 dated September 24, 1965 (30 FR 12319), any Executive Order amending such order, and any other Executive Order superseding such order.

8 *Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era:* During the performance of this Agreement, the Transmission Customer agrees to comply with Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974, Pub. L. 93-508 as it amends Pub. L. 92-540, to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era, and to fulfill the requirements of the "affirmative action clause," 38 USCA Sections 2011 and 2012 (1979); 41 CFR 60-250 *et seq.*

9 *Affirmative Action for Handicapped Workers:* During the performance of this Agreement, the Transmission Customer agrees to comply with Section 503 of the Rehabilitation Act of 1973, Pub. L. 93-516, to take affirmative action to employ and advance in employment qualified handicapped individuals, and to otherwise fulfill the requirements of the "affirmative action clause," 29 USCA Section 793 (1979); 41 CFR 60-741 *et seq.*

10 *Contract Work Hours and Safety Standards:* This Agreement, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act, 40 U.S.C. 327-333 (1986), is subject to the provisions of the said Act and to regulations promulgated by the Secretary of Labor pursuant to the said Act.

The following provisions are applicable only to Transmission Customers which receive service through facilities which are (1) jointly used by the Transmission Provider and the Transmission Customer, (2) where the Transmission Customer would have occasion to enter the facilities of the Transmission Provider, (3) where the Transmission Customer owns facilities installed on the property of the Transmission Provider, and/or (4) when the Transmission Customer takes service directly from facilities owned and maintained by the Transmission Provider.

11 *Meter Tests and Adjustments:* Any metering equipment which may be used in power accounting for Transmission Service under this Agreement shall be inspected and tested at least once each year by the Party responsible, and at any reasonable time upon request by either Party. Metering equipment found to be defective or inaccurate shall be repaired and readjusted or replaced by the owner.

11.1 A meter shall be considered inaccurate if it is found to deviate from an accurate standard meter in excess of 0.5 percent when tested at 100 percent of load or 1.0 percent when tested at 10 percent of load.

11.2 If any meter inspection or test discloses an error exceeding 2 percent, a

correction based upon the inaccuracy found shall be made on the records of electric service furnished since the beginning of the monthly billing period immediately preceding the billing period during which the test was made, and such correction, when made, shall constitute full adjustment of any claim between the parties hereto arising out of such inaccuracy of metering equipment.

12 *Reliability, Safety, Health, and Environmental Requirements in Regard to Construction, Operation, and Maintenance on U.S. Government Property:* The provisions of this Section 12 shall apply only if the Transmission Customer, its agents or contractors, or its member entities perform maintenance, operations, or construction on the property of the U.S. Government (Government), or on easements shared by the Government and the Transmission Customer.

12.1 Such construction, maintenance, and operation shall be performed in accordance with standards at least equal to those provided by the National Electrical Safety Code and shall conform to safety, environmental, and security procedures identified by Transmission Provider as appropriate to each facility in which such work is performed. The Transmission Provider provides such written procedures in each of the facilities it maintains and to affected Transmission Customers.

12.2 The Transmission Customer and/or its member entities shall take all reasonable precautions in the performance of such work to protect the public and the environment. The Transmission Customer and/or its member entities shall comply with all applicable local, state, and Federal regulations and requirements in the performance of such work, including, but not limited to, the National Environmental Policy Act, the Clean Air Act; the Clean Water Act; the Comprehensive Environmental Responsibility, Compensation, and Liability Act; the Toxic Substances Control Act; the Resource Conservation and Recovery Act; the Superfund Amendments and Reauthorization Act (SARA); SARA Title III (Emergency Planning and Community Right-to-Know Act of 1986); and the Occupational Safety and Health Act.

12.3 In the event that the Transmission Provider, at its sole option and in its sole judgment, determines that construction, maintenance, or operation of facilities which are performed under this Agreement by the Transmission Customer, and/or one of its member entities, do not meet the standards and/or regulations and requirements specified in this Section 12, or if the Transmission Provider determines, in its sole judgment, that a condition exists which provides a potentially adverse impact (1) on the reliability of services provided by Transmission Provider to its customers, (2) on the safety and/or health of the public or employees and agents of the parties hereto, and/or (3) on the environment, then Transmission Provider may provide written notice to the Transmission Customer and/or its member entity of the deficient condition; *Provided*, That, if such condition, in Transmission Provider's sole judgment and at Transmission Provider's sole option, requires immediate attention and does not allow time

for such notice, Transmission Provider will remedy the condition and, where appropriate, bill the Transmission Customer.

12.4 Where, in the Transmission Provider's sole judgment, remedy of the said deficient condition is not time critical, the Transmission Customer and/or its member entity shall provide a written plan and schedule to Transmission Provider within 30 days of receipt of the said written notice. Such plan and schedule shall provide for correction of the said deficiency at the earliest possible time available to the Transmission Customer and/or its member entity; *Provided*, That, the maximum time allowed for the Transmission Customer and/or its member entity to correct any such deficiency shall not exceed 18 months from receipt of the said written notice. The Transmission Customer shall coordinate or, if applicable, cause its member entity to coordinate, any work and outages which may involve Transmission Provider's facilities with Transmission Provider's Dispatch Center (Dispatch Center) in Springfield, Missouri.

12.5 Unless otherwise agreed in writing, correction of deficiencies pursuant to this Section 12 shall be at the expense of the Transmission Customer.

12.6 If the Transmission Customer and/or its member entity fails to correct the deficiency within the time provided pursuant to this Section 12, the Transmission Provider shall have the right, at its sole option and in its sole discretion, to terminate service through the affected facilities until such deficiencies are corrected to the satisfaction of Transmission Provider.

12.7 If, within the time period provided pursuant to this Section 12, an emergency condition occurs which, in the sole judgment of Transmission Provider, may cause an adverse impact on the reliability of the Transmission System of Transmission Provider and/or on the environment, or which poses a hazard to the safety and/or health of the public or employees and agents of the parties hereto, then Transmission Provider may, at its sole option, remedy or repair such condition or equipment and bill the Transmission Customer, and the Transmission Customer agrees to render the Transmission Provider reimbursement.

13 *Right of Installation and Access*

Each Party grants to the other permission, or will obtain such permission for the other Party, to install, maintain, and operate, or cause to be installed, maintained, and operated, on the System of Transmission Provider and on the System of the Transmission Customer, at the Point(s) of Delivery between the System of Transmission Provider and the System of the Transmission Customer utilized under this Agreement, and all terminal equipment and associated electrical apparatus and devices necessary in the performance of this Agreement.

13.1 Each party shall permit, or shall obtain permission for, duly authorized representatives and employees of the other Party to enter upon the System of the Transmission Provider and the System of the Transmission Customer at the said Point(s) of Delivery for the purpose of reading or

checking meters; for inspecting, testing, repairing, renewing, or exchanging any or all of the equipment owned by the other party located on such premises; or for the purpose of performing any other work necessary in the performance of this Agreement.

13.2 Access for any work performed by one party under this Section 13 which may affect the other Party's equipment shall normally be preceded by at least one day's notice to the affected Party, except in the event of an emergency, in which case such notice shall be made as soon as possible after such emergency occurrence. Notice to Transmission Provider pursuant to this Section 13 shall be made to the Dispatch Center.

13.3 Any access to property controlled by the Transmission Provider shall include notification to Transmission Provider at the time of entry. Any employee or agent of the Transmission Customer, or of its member entities, who enters a Transmission Provider facility is expected to call the Dispatch Center from a telephone located in the control building in that facility and to identify himself or herself. Security devices located in the control buildings at Transmission Provider facilities sound an alarm in the Dispatch Center when the building is entered. Local law enforcement officers may be asked to investigate any unidentified entry.

13.4 Any equipment, apparatus, or devices installed on the System of the Transmission Provider by the Transmission Customer, as provided under this Section 13, shall be clearly and permanently marked to indicate ownership, and, in addition, a detailed description of each item so installed (including, if applicable, manufacturer's name, serial number, model number, etc.) shall be communicated to Transmission Provider to aid in maintenance of plant accounts.

13.5 In the event the equipment, apparatus, or devices are not marked in accordance with Section 13.4, ownership of said equipment, apparatus, or devices shall be presumed to be vested in Transmission Provider.

13.6 The Transmission Customer agrees that, if requested by Transmission Provider, the description required under Section 13.4 shall include a detailed analysis of all dielectrical oil, including, but not limited to, tests for polychlorinated biphenyls (PCBs). If such analysis indicates the presence of a known hazardous substance, which, in the Transmission Provider's sole judgment, presents a significant hazard to the environment or to the health and safety of employees of the parties hereto, the Transmission Provider may require, at its sole option, by written request, removal of any equipment containing such substance, and the Transmission Customer agrees to comply with such request for removal at no cost to Transmission Provider.

14 *Right of Removal*

Any and all equipment, apparatus, or devices placed or installed or caused to be placed or installed by the Parties on or in the System of the Transmission Provider or the System of the Transmission Customer shall

be and shall remain the property of the Party owning and installing such equipment, apparatus, devices, or facilities, regardless of the mode or manner of annexation or attachment to real property, and, upon the termination of this Agreement, the owner thereof shall have the right to enter upon the premises or system of the other and shall, within a reasonable time, remove such equipment, apparatus, devices, or facilities, subject to the provisions of Section 13.5.

15 *Right to Upgrade Facilities*

The Transmission Provider reserves the right to modify or upgrade its Transmission System and any of the elements which support such Transmission System, including, but not limited to, changes in: (1) The Transmission Provider's transmission voltages, (2) The Transmission Provider's transmission system components, (3) The Transmission Provider's communications system, (4) The Transmission Provider's Supervisory Control and Data Acquisition (SCADA) System, and (5) other modifications necessary to comply with the standards and/or regulations and requirements mentioned in Section 16.

15.1 If, during the term of this Agreement, the Transmission Provider determines, in its sole judgment and at its sole option, that modifications or upgrades to its Transmission System and associated facilities are required, then, in that event, the Transmission Customer shall be responsible for any and all costs and expenses incurred by the Transmission Customer in order to continue to receive services provided under this Agreement.

15.2 If the Transmission Customer elects not to make changes in its facilities which, in The Transmission Provider's judgment, are required for the Transmission Customer to continue to receive reliable service from the Transmission Provider's modified or upgraded facilities, then the Transmission Customer will discontinue receipt of the services provided under this Agreement which are dependent on such modified or upgraded facilities, and the provisions of this Agreement which describe such services shall be terminated or, at the Transmission Provider's sole option, suspended, until the Transmission Customer completes the changes in its facilities which the Transmission Provider, in its sole judgment, deems necessary for safe and reliable service to the Transmission Customer.

15.3 The Transmission Provider shall notify the Transmission Customer of the specific sections or articles of the Agreement which are to be terminated or suspended pursuant to this Section 15.

15.4 Any provisions of this Agreement which are not specifically terminated or suspended pursuant to Section 15.3 shall not in any way be affected and shall remain in full force and effect except insofar as the services provided pursuant to the terminated or suspended provisions which are reflected in other provisions of this Agreement will also be terminated or suspended.

15.5 Termination or suspension of specific provisions of this Agreement pursuant to this Section 17 shall be without penalty to either of the Parties, except that

the rights of the Parties, if any, which accrued prior to the date of such termination or suspension shall be and hereby are preserved.

16 *Limitation on Rights of Entry:* The Transmission Provider reserves the right, upon notice to the Transmission Customer, to revoke or cancel the rights of entry granted under this Agreement with regard to any particular representative of the Transmission Customer, if, in the sole judgment of the Transmission Provider, such revocation or cancellation is required in the interest of national security.

17 *Assistance by Contracting Parties:* If assistance in maintenance and utilization of their respective systems is rendered by the Transmission Provider and/or the Transmission Customer, the following terms and conditions shall apply:

17.1 If, in the maintenance or utilization of their respective transmission systems and related facilities for the purpose of this Agreement, it becomes necessary by reason of any emergency or extraordinary condition for the Transmission Provider or the Transmission Customer to request the other to furnish personnel, materials, tools, and equipment for the maintenance or modification of, or other work on, such transmission systems and related facilities to insure continuity of power and energy deliveries, the Party requested shall cooperate with the other and render such assistance as the Party requested may determine to be available.

17.2 The Party making such request, upon receipt of properly itemized bills, shall reimburse the Party rendering such assistance, including overhead and administrative and general expenses. The Transmission Customer and the Transmission Provider agree to account for any incurred costs under a Work Order accounting procedure and in accordance with the Uniform System of Accounts prescribed for public utilities by the Commission.

17.3 Billing statements rendered by the Transmission Customer and the Transmission Provider for such reimbursement shall be due 20 days from the date thereof.

Attachment B

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

Note: The form of this agreement incorporates short-term firm transmission service with non-firm transmission service, and is an enabling agreement for all Southwestern short-term transmission arrangements, both firm and non-firm.

Part A: Service Agreement for Enabling Short-Term Point-To-Point Transmission Service

1 This Service Agreement (Agreement), dated as of _____, is entered into, by, and between the Southwestern Power Administration (Transmission Provider or Southwestern), and _____ (Transmission Customer).

1.1 The Transmission Provider may revise rates for Firm Point-to-Point

Transmission Service provided under this Service Agreement pursuant to applicable Federal laws, regulations, and policies upon written notice to the Transmission Customer.

1.2 The Transmission Provider may change the General Provisions of this Agreement (Part C) upon written notice to the Transmission Customer.

2 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for receiving Short-Term Point-To-Point Transmission Service under the Transmission Provider's Open Access Transmission Tariff (Tariff).

3 The Tariff as presently constituted or as it may be revised or superseded is incorporated herein and made a part hereof.

4 Southwestern's rate schedule applicable to Point-to-Point Transmission Service (Rate Schedule) as presently constituted or as it may be revised or superseded is incorporated herein and made a part hereof.

5 Service under this agreement shall commence on the latest of: (1) _____, (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) on the first day of the month following execution by both parties. Service under this Agreement shall terminate on _____.

6 The Transmission Provider agrees to provide, and the Transmission Customer agrees to take and pay for, Short-Term Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Agreement.

7 All schedules for service under this Agreement which cross Control Area boundaries between the Transmission Provider and interconnected utilities shall conform to the standards for scheduled interchange of the North American Electric Reliability Council and the applicable regional reliability council.

8 The Transmission Provider is not obligated under this Agreement to satisfy any deficiencies that may occur for the Transmission Customer as a result of suspension or reduction of schedules by a Third Party, nor is the Transmission Provider obliged to notify any party if such schedules are suspended or reduced due to the action of a Third Party.

9 Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider: Administrator, Southwestern Power Administration, One West Third Street, Suite 1400, Tulsa, OK 74103.

Transmission Customer:

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

SOUTHWESTERN POWER
 ADMINISTRATION

By: _____
 ADMINISTRATOR
 P.O. Box 1619

Tulsa, Oklahoma, 74101-1619

Date: _____

Reviewed by Southwestern's General Counsel:

By: _____

(TRANSMISSION CUSTOMER)

By: _____

Title: _____

Address: _____

Date: _____

Part B: General Terms and Conditions for Short-Term Firm and Non-Firm Point-To-Point Transmission Service

1 This Agreement is intended to enable a variety of individual Short-Term Firm and Non-Firm Transmission Service Transactions (Transactions). For the purposes of this Agreement, the Transmission Customer has designated the following information in its Completed Application as "various:"

(I) Points of Receipt and Delivery, including supply and delivery characteristics and voltages;

(ii) the Reserved Transmission Capacity desired;

(iii) the type of service (firm or non-firm, hourly, daily, weekly, monthly) desired;

(iv) the date(s) and, if applicable, hour(s) for the service which is desired,

(v) the identities of the Delivering and Receiving Parties; and

(vi) the location(s) of the resource from which power and energy are to be supplied and the location of the load or Control Area(s) to which it is to be transmitted.

2 Individual Transactions for Short-Term, Firm or Non-Firm, Transmission Service under this Agreement may be requested by the Transmission Customer in increments of a day, a week, or a month for Firm Transmission Service, or in increments of an hour, a day, a week, or a month for Non-Firm Transmission Service, and the Transmission Provider will grant such requests on an as-available basis.

2.1 For each specific Transaction requested, the Transmission Customer shall supply to the Transmission Provider the specific information listed in Section 1 pertinent to such Transaction, via Southwestern's OASIS and/or by telephone or facsimile, in accordance with the Tariff and with specific procedures which are mutually agreeable to the Parties.

2.2 The Transmission Customer shall request a separate Transaction for each type of service (firm or non-firm, and by rate types related to increments of hourly, daily, weekly, or monthly reservations).

2.3 The Transmission Provider shall review each Transaction request and determine whether a reservation for such Transaction is available. The Transmission Provider shall communicate, also via OASIS and/or other means as agreed, the results of such determination.

2.4 In the event that a capacity reservation is recorded for such Transaction, the Transmission Customer will submit actual schedules under such reservation in accordance with established procedures, subject to the priority provisions of the Tariff and of Section 7 of Part A of this Agreement.

3 Capacity reservations for any particular Transaction for Short-Term Firm Transmission Service will conform to the following minimum and maximum periods for making such reservation prior to actual service under such Transaction:

(a) For reservations in increments of one day (daily): No later than 2 days, no earlier than 60 days prior to service

(b) For reservations in increments of one week (weekly): No later than 2 days, no earlier than 60 days prior to service

(c) For reservations in increments of one month: No later than 14 days, no earlier than 120 days prior to service

4 Capacity reservations for any particular Transaction for Non-Firm Transmission Service will conform to the following minimum and maximum periods for making such reservation prior to actual service under such Transaction:

(a) For reservations in increments of one hour (hourly): No later than 20 minutes prior to the first hour requested, no earlier than 2:00 p.m. the day before

(b) For reservations in increments of one day (daily): No later than 10:00 a.m. the day before, no earlier than 30 days prior to service

(c) For reservations of one week to one month (weekly): No later than 2:00 p.m. the day before, no earlier than 60 days prior to service

(d) For reservations of one month: No later than 2:00 p.m. the day before, no earlier than 120 days prior to service

5 Reservations for any given one-week increment shall not cross the end of a calendar month, and reservations for any month shall be requested from the first day to the last day of a particular calendar month.

6 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 and the Rate Schedule.

6.1 Transmission Charges are set forth in the Rate Schedule.

6.2 Real Power Losses will be applied and charged in accordance with the Rate Schedule.

6.3 Ancillary Services Charges are set forth in the Rate Schedule. The specific Ancillary Services to be charged for any particular Transaction will be determined in accordance with the Rate Schedule.

6.4 Other Charges, including transformation services and penalties, if applicable, will be determined by the Rate Schedule or set forth below:

Part C: General Provisions Applicable to Transmission Service

1 *Propriety of Rates:* The Transmission Provider shall bill the Transmission Customer for the Transmission Customer's purchases of power, energy, and other services in accordance with the Rate Schedule, which is placed in effect pursuant to statute.

1.1 The Transmission Customer hereby agrees to promptly pay the Transmission Provider under such Rate Schedule, whether or not the Transmission Customer agrees with the propriety or the levels of the rates

placed into effect pursuant to law, regulation, or the order of an appropriate authority, subject to the Transmission Customer's rights to terminate service.

1.2 In the event that the U.S. Congress amends the manner in which the Transmission Provider calculates or charges for its products and services, the Transmission Customer hereby agrees to promptly pay in such an amended manner, subject to the Transmission Customer's right to terminate.

2 *Changes in Rates:* The rates and/or terms and conditions set forth in the Rate Schedule may change upon confirmation and/or approval by the appropriate authority having responsibility to so confirm and/or approve rate schedules, and, whether on an interim basis or as finally confirmed and/or approved, such rates may be increased, decreased, modified, or superseded at any time and from time to time.

2.1 If such rates are so increased, decreased, modified, or superseded, the rates and terms and conditions shall thereupon become effective and applicable to the Transmission Service furnished by the Transmission Provider under this Agreement, in accordance with and on the effective date specified in the order of the appropriate authority.

2.2 The Transmission Provider shall promptly notify the Transmission Customer in writing of the redetermination and/or changes and modifications made in the then-effective Transmission Provider's rate schedules for Transmission Service.

2.3 If such notice advises that the rates to be paid by the Transmission Customer for the Transmission Service furnished by the Transmission Provider under this Agreement are greater than the then-effective rate for such service, The Transmission Customer may, by written notice to the Transmission Provider at any time within 90 days following the date of receipt of such notice from the Transmission Provider, terminate this Agreement in its entirety, such termination to become effective as of the last day of any month following no less than 6 months after the date of receipt by the Transmission Provider of such notice of termination from the Transmission Customer.

2.4 In the event that the Transmission Customer elects to terminate this Agreement pursuant to this Section 2, the Transmission Customer shall pay for services under this Agreement at the then-effective rates during the interim between the date of such notice and the effective termination date specified in such notice.

3 *Availability of Funds to the Transmission Provider:* This Agreement and all rights and obligations hereunder, and the expenditure of funds by the Transmission Provider under its provisions, are expressly conditioned and contingent upon the U.S. Congress's making available (through direct appropriation, authorization of a revolving fund, the authority to borrow funds, or through such other means as it may provide) the necessary funds to enable the Transmission Provider to carry out the provisions of this Agreement, and if such funds are not available, this Agreement shall terminate and have no further force or effect as of the last day for which funds were available, and the Transmission Customer hereby releases the Transmission Provider from any and all liability for failure to perform and fulfill its obligations under this Agreement for that reason.

3.1 No obligation contained herein for the future payment of money by the Transmission Provider, or liability on the part of the Transmission Provider for breach of any of the provisions contained herein, shall be binding upon or enforceable against the Transmission Provider unless and until funds, as provided in this Section 3, are available out of which such obligations or liability can be legally paid.

3.2 Nothing in this Agreement may be considered as implying that the U.S. Congress will, at a later date, appropriate funds sufficient to meet any deficiencies or obligations incurred under this Agreement.

4 *Covenant Against Contingent Fees:* The Transmission Customer warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the Transmission Customer for the purpose of securing business. For breach or violation of this warranty, the Transmission Provider shall have the right to annul this Agreement without liability, or, at its discretion, to add to the Agreement price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

5 *Termination for Breach:* If either Party breaches a material provision of this Agreement, the other Party, at its option, may terminate this Agreement upon 30 days' prior written notice of its intention to do so, and this Agreement *ipso facto* shall terminate at the end of such 30-day period unless such violation is corrected within that period. Neither Party shall be considered to be in default or breach with respect to any obligation under this Agreement if prevented from fulfilling such obligation by reason of an Uncontrollable Force.

6 *Convict Labor:* In connection with the performance of work under this Agreement, the Transmission Customer agrees not to employ any person undergoing sentence of imprisonment except as provided by Public Law 89-176, September 10, 1965 (18 U.S.C. 4062(c)(2)), and Executive Order 11755, December 29, 1973.

7 *Equal Employment Opportunity:* During the performance of this Agreement, the

Transmission Customer agrees to abide by and to fulfill the nondiscrimination requirements of the "equal opportunity clause" contained in Section 202 of Executive Order 11246 dated September 24, 1965 (30 FR 12319), any Executive Order amending such order, and any other Executive Order superseding such order.

8 *Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era:* During the performance of this Agreement, the Transmission Customer agrees to comply with Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974, Public Law 93-508 as it amends Public Law 92-540, to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era, and to fulfill the requirements of the "affirmative action clause," 38 USCA Sections 2011 and 2012 (1979); 41 CFR 60-250 *et seq.*

9 *Affirmative Action for Handicapped Workers:* During the performance of this Agreement, the Transmission Customer agrees to comply with Section 503 of the Rehabilitation Act of 1973, Public Law 93-516, to take affirmative action to employ and advance in employment qualified handicapped individuals, and to otherwise fulfill the requirements of the "affirmative action clause," 29 USCA Section 793 (1979); 41 CFR 60-741 *et seq.*

10 *Contract Work Hours and Safety Standards:* This Agreement, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act, 40 U.S.C. 327-333 (1986), is subject to the provisions of the said Act and to regulations promulgated by the Secretary of Labor pursuant to the said Act.

The following provisions are applicable only to Transmission Customers which receive service through facilities which are (1) jointly used by the Transmission Provider and the Transmission Customer, (2) where the Transmission Customer would have occasion to enter the facilities of the Transmission Provider, (3) where the Transmission Customer owns facilities installed on the property of the Transmission Provider, and/or (4) when the Transmission Customer takes service directly from facilities owned and maintained by the Transmission Provider.

11 *Meter Tests and Adjustments:* Any metering equipment which may be used in power accounting for Transmission Service under this Agreement shall be inspected and tested at least once each year by the Party responsible, and at any reasonable time upon request by either Party. Metering equipment found to be defective or inaccurate shall be repaired and readjusted or replaced by the owner.

11.1 A meter shall be considered inaccurate if it is found to deviate from an accurate standard meter in excess of 0.5 percent when tested at 100 percent of load or 1.0 percent when tested at 10 percent of load.

11.2 If any meter inspection or test discloses an error exceeding 2 percent, a correction based upon the inaccuracy found shall be made on the records of electric service furnished since the beginning of the monthly billing period immediately

preceding the billing period during which the test was made, and such correction, when made, shall constitute full adjustment of any claim between the parties hereto arising out of such inaccuracy of metering equipment.

12 *Reliability, Safety, Health, and Environmental Requirements in Regard to Construction, Operation, and Maintenance on U.S. Government Property:* The provisions of this Section 12 shall apply only if the Transmission Customer, its agents or contractors, or its member entities perform maintenance, operations, or construction on the property of the U.S. Government (Government), or on easements shared by the Government and the Transmission Customer.

12.1 Such construction, maintenance, and operation shall be performed in accordance with standards at least equal to those provided by the National Electrical Safety Code and shall conform to safety, environmental, and security procedures identified by Transmission Provider as appropriate to each facility in which such work is performed. The Transmission Provider provides such written procedures in each of the facilities it maintains and to affected Transmission Customers.

12.2 The Transmission Customer and/or its member entities shall take all reasonable precautions in the performance of such work to protect the public and the environment. The Transmission Customer and/or its member entities shall comply with all applicable local, state, and Federal regulations and requirements in the performance of such work, including, but not limited to, the National Environmental Policy Act, the Clean Air Act; the Clean Water Act; the Comprehensive Environmental Responsibility, Compensation, and Liability Act; the Toxic Substances Control Act; the Resource Conservation and Recovery Act; the Superfund Amendments and Reauthorization Act (SARA); SARA Title III (Emergency Planning and Community Right-to-Know Act of 1986); and the Occupational Safety and Health Act.

12.3 In the event that the Transmission Provider, at its sole option and in its sole judgment, determines that construction, maintenance, or operation of facilities which are performed under this Agreement by the Transmission Customer, and/or one of its member entities, do not meet the standards and/or regulations and requirements specified in this Section 12, or if the Transmission Provider determines, in its sole judgment, that a condition exists which provides a potentially adverse impact (1) on the reliability of services provided by Transmission Provider to its customers, (2) on the safety and/or health of the public or employees and agents of the parties hereto, and/or (3) on the environment, then Transmission Provider may provide written notice to the Transmission Customer and/or its member entity of the deficient condition; *Provided, That*, if such condition, in Transmission Provider's sole judgment and at Transmission Provider's sole option, requires immediate attention and does not allow time for such notice, Transmission Provider will remedy the condition and, where appropriate, bill the Transmission Customer.

12.4 Where, in the Transmission Provider's sole judgment, remedy of the said

deficient condition is not time critical, the Transmission Customer and/or its member entity shall provide a written plan and schedule to Transmission Provider within 30 days of receipt of the said written notice. Such plan and schedule shall provide for correction of the said deficiency at the earliest possible time available to the Transmission Customer and/or its member entity; *Provided, That*, the maximum time allowed for the Transmission Customer and/or its member entity to correct any such deficiency shall not exceed 18 months from receipt of the said written notice. The Transmission Customer shall coordinate or, if applicable, cause its member entity to coordinate, any work and outages which may involve Transmission Provider's facilities with Transmission Provider's Dispatch Center (Dispatch Center) in Springfield, Missouri.

12.5 Unless otherwise agreed in writing, correction of deficiencies pursuant to this Section 12 shall be at the expense of the Transmission Customer.

12.6 If the Transmission Customer and/or its member entity fails to correct the deficiency within the time provided pursuant to this Section 12, the Transmission Provider shall have the right, at its sole option and in its sole discretion, to terminate service through the affected facilities until such deficiencies are corrected to the satisfaction of Transmission Provider.

12.7 If, within the time period provided pursuant to this Section 12, an emergency condition occurs which, in the sole judgment of Transmission Provider, may cause an adverse impact on the reliability of the Transmission System of Transmission Provider and/or on the environment, or which poses a hazard to the safety and/or health of the public or employees and agents of the parties hereto, then Transmission Provider may, at its sole option, remedy or repair such condition or equipment and bill the Transmission Customer, and the Transmission Customer agrees to render the Transmission Provider reimbursement.

13 *Right of Installation and Access:* Each Party grants to the other permission, or will obtain such permission for the other Party, to install, maintain, and operate, or cause to be installed, maintained, and operated, on the System of Transmission Provider and on the System of the Transmission Customer, at the Point(s) of Delivery between the System of Transmission Provider and the System of the Transmission Customer utilized under this Agreement, any and all terminal equipment and associated electrical apparatus and devices necessary in the performance of this Agreement.

13.1 Each party shall permit, or shall obtain permission for, duly authorized representatives and employees of the other Party to enter upon the System of the Transmission Provider and the System of the Transmission Customer at the said Point(s) of Delivery for the purpose of reading or checking meters; for inspecting, testing, repairing, renewing, or exchanging any or all of the equipment owned by the other party located on such premises; or for the purpose of performing any other work necessary in the performance of this Agreement.

13.2 Access for any work performed by one party under this Section 13 which may affect the other Party's equipment shall normally be preceded by at least one day's notice to the affected Party, except in the event of an emergency, in which case such notice shall be made as soon as possible after such emergency occurrence. Notice to Transmission Provider pursuant to this Section 13 shall be made to the Dispatch Center.

13.3 Any access to property controlled by the Transmission Provider shall include notification to Transmission Provider at the time of entry. Any employee or agent of the Transmission Customer, or of its member entities, who enters a Transmission Provider facility is expected to call the Dispatch Center from a telephone located in the control building in that facility and to identify himself or herself. Security devices located in the control buildings at Transmission Provider facilities sound an alarm in the Dispatch Center when the building is entered. Local law enforcement officers may be asked to investigate any unidentified entry.

13.4 Any equipment, apparatus, or devices installed on the System of the Transmission Provider by the Transmission Customer, as provided under this Section 13, shall be clearly and permanently marked to indicate ownership, and, in addition, a detailed description of each item so installed (including, if applicable, manufacturer's name, serial number, model number, etc.) shall be communicated to Transmission Provider to aid in maintenance of plant accounts.

13.5 In the event the equipment, apparatus, or devices are not marked in accordance with Section 13.4, ownership of said equipment, apparatus, or devices shall be presumed to be vested in Transmission Provider.

13.6 The Transmission Customer agrees that, if requested by Transmission Provider, the description required under Section 13.4 shall include a detailed analysis of all dielectrical oil, including, but not limited to, tests for polychlorinated biphenyls (PCBs). If such analysis indicates the presence of a known hazardous substance, which, in the Transmission Provider's sole judgment, presents a significant hazard to the environment or to the health and safety of employees of the parties hereto, the Transmission Provider may require, at its sole option, by written request, removal of any equipment containing such substance, and the Transmission Customer agrees to comply with such request for removal at no cost to Transmission Provider.

14 *Right of Removal:* Any and all equipment, apparatus, or devices placed or installed or caused to be placed or installed by the Parties on or in the System of the Transmission Provider or the System of the Transmission Customer shall be and shall remain the property of the Party owning and installing such equipment, apparatus, devices, or facilities, regardless of the mode or manner of annexation or attachment to real property, and, upon the termination of this Agreement, the owner thereof shall have the right to enter upon the premises or

system of the other and shall, within a reasonable time, remove such equipment, apparatus, devices, or facilities, subject to the provisions of Section 13.5.

15 *Right to Upgrade Facilities:* The Transmission Provider reserves the right to modify or upgrade its Transmission System and any of the elements which support such Transmission System, including, but not limited to, changes in: (1) The Transmission Provider's transmission voltages, (2) The Transmission Provider's transmission system components, (3) The Transmission Provider's communications system, (4) The Transmission Provider's Supervisory Control and Data Acquisition (SCADA) System, and (5) other modifications necessary to comply with the standards and/or regulations and requirements mentioned in Section 16.

15.1 If, during the term of this Agreement, the Transmission Provider determines, in its sole judgment and at its sole option, that modifications or upgrades to its Transmission System and associated facilities are required, then, in that event, the Transmission Customer shall be responsible for any and all costs and expenses incurred by the Transmission Customer in order to continue to receive services provided under this Agreement.

15.2 If the Transmission Customer elects not to make changes in its facilities which, in The Transmission Provider's judgment, are required for the Transmission Customer to continue to receive reliable service from the Transmission Provider's modified or upgraded facilities, then the Transmission Customer will discontinue receipt of the services provided under this Agreement which are dependent on such modified or upgraded facilities, and the provisions of this Agreement which describe such services shall be terminated or, at the Transmission Provider's sole option, suspended, until the Transmission Customer completes the changes in its facilities which the Transmission Provider, in its sole judgment, deems necessary for safe and reliable service to the Transmission Customer.

15.3 The Transmission Provider shall notify the Transmission Customer of the specific sections or articles of the Agreement which are to be terminated or suspended pursuant to this Section 15.

15.4 Any provisions of this Agreement which are not specifically terminated or suspended pursuant to Section 15.3 shall not in any way be affected and shall remain in full force and effect except insofar as the services provided pursuant to the terminated or suspended provisions which are reflected in other provisions of this Agreement will also be terminated or suspended.

15.5 Termination or suspension of specific provisions of this Agreement pursuant to this Section 17 shall be without penalty to either of the Parties, except that the rights of the Parties, if any, which accrued prior to the date of such termination or suspension shall be and hereby are preserved.

16 *Limitation on Rights of Entry:* The Transmission Provider reserves the right, upon notice to the Transmission Customer, to revoke or cancel the rights of entry granted under this Agreement with regard to any

particular representative of the Transmission Customer, if, in the sole judgment of the Transmission Provider, such revocation or cancellation is required in the interest of national security.

17 *Assistance by Contracting Parties:* If assistance in maintenance and utilization of their respective systems is rendered by the Transmission Provider and/or the Transmission Customer, the following terms and conditions shall apply:

17.1 If, in the maintenance or utilization of their respective transmission systems and related facilities for the purpose of this Agreement, it becomes necessary by reason of any emergency or extraordinary condition for the Transmission Provider or the Transmission Customer to request the other to furnish personnel, materials, tools, and equipment for the maintenance or modification of, or other work on, such transmission systems and related facilities to insure continuity of power and energy deliveries, the Party requested shall cooperate with the other and render such assistance as the Party requested may determine to be available.

17.2 The Party making such request, upon receipt of properly itemized bills, shall reimburse the Party rendering such assistance, including overhead and administrative and general expenses. The Transmission Customer and the Transmission Provider agree to account for any incurred costs under a Work Order accounting procedure and in accordance with the Uniform System of Accounts prescribed for public utilities by the Commission.

17.3 Billing statements rendered by the Transmission Customer and the Transmission Provider for such reimbursement shall be due 20 days from the date thereof.

Attachment C

Methodology To Assess Available Transmission Capability

The Transmission Provider is a member of the Southwest Power Pool (SPP), and participates in the SPP's process for the determination of Available Transfer Capability (ATC) and Total Transfer Capability. The SPP does seasonal transfer studies to determine the inter-area transfer capabilities. The methodology uses standard incremental transfer capability techniques that recognize thermal, voltage, and stability limitations as well as contractual limitations. This methodology is based on NERC Criteria, Operating Policies, and Reference Documents related to interchange and transfer capability estimates. The specifics for this methodology are available in Section 4 of SPP's publication titled "Criteria."

The Transmission Provider will post on the OASIS the values calculated by the SPP. When ATC approaches zero for any interface, the Transmission Provider may do dedicated, off-line studies in accordance with SPP methodology to update the seasonal values of ATC calculated by the SPP.

Attachment D

Methodology for Completing a System Impact Study

The Transmission Provider may require System Impact Studies to determine the feasibility of providing Transmission Service under this Tariff. The System Impact Studies will follow the general criteria and procedures as described below. In addition, the Transmission Provider is in the process of developing a written guideline for facilities evaluations, and such standards, when they are complete, will be available to an interested party. In determining the level of capacity available for new Transmission Service requests, the Transmission Provider may exclude the capacity needed to meet current and reasonably forecasted load of Native Load Customers and Network Customers, existing Firm Point-to-Point Transmission Service customers, previously pending applications for Firm Point-to-Point Transmission Service, and the capacity needed to meet existing contractual obligations.

Point-to-Point Service

The Transmission Provider will do a System Impact Study for a Point-to-Point Transmission Service request by simulating the proposed transaction along with all other contracted and pending uses of the transmission system of equal or greater priority. Criteria will be the same as those used to determine the ATC limits posted on the OASIS.

Network Integration Service

The Transmission Provider will do a System Impact Study for a Network Integration Transmission Service request using the criteria and assessment practices as detailed in Parts 4 and 5 of the Transmission Provider's annual FERC Form 715 submittal.

Attachment E

Index of Point-To-Point Transmission Service Customers

Customer	Date of service agreement
AES Power, Inc	5-18-94
Aquila Power Corporation	10-31-96
Arkansas Electric Cooperative Corp.	7-15-93 and 5-23-97
Arkansas Power & Light Company.	6-1-88
Associated Electric Cooperative, Inc.	6-26-92 & 10-9-92
Calpine Power Services Company.	8-21-96
Carthage, Missouri	10-25-60 & 10-26-92
Clarksville, Arkansas	3-25-86
CNG Power Services Corporation.	3-20-97
Coral Power, L.L.C	12-31-96
Delhi Energy Services, Inc	11-16-95
Duke/Louis Dreyfus, L.L.C	6-19-96
Eastex Power Marketing, Inc.	5-24-96
Electric Clearinghouse, Inc	9-7-95

Customer	Date of service agreement
Enron Power Marketing, Inc.	6-23-94
Entergy Power Marketing Corp.	10-24-96
Entergy Services, Inc	8-7-96
Federal Energy Sales, Inc	4-29-96
Grand River Dam Authority.	9-9-76 & 4-27-95
Illinois Power Company	2-11-97
Industrial Energy Applications, Inc.	8-7-96
Jackson, Missouri	6-19-92 & 12-8-95
Jonesboro, Arkansas	6-23-92, 5-31-94, & 2-18-97
Kennett, Missouri	5-22-92 & 3-31-95
KN Marketing, Inc	7-12-96
LG&E Power Marketing	1-27-95
Malden, Missouri	8-31-93 & 10-14-93
MidCon Power Services Corp.	9-18-95
Minnesota Power & Light Company.	2-18-97
Missouri Joint Municipal Electric Utility Commission.	7-29-81
Morgan Stanley Capital Group.	10-7-96
National Gas & Electric, L.P.	11-26-96
New Madrid, Missouri	2-18-96
Nixa, Missouri	5-21-92
NorAm Energy Services, Inc.	11-30-94
Oklahoma Municipal Power Authority.	11-24-92
Pacificorp Power Marketing, Inc.	5-15-97
PanEnergy Trading & Marketing Services, L.L.C.	9-13-96
Paragould, Arkansas	5-23-91 & 6-2-93
People's Electric Cooperative.	12-28-90 & 2-3-94
Piggott, Arkansas	11-19-92 & 4-12-95
Poplar Bluff, Missouri	3-23-92 & 5-13-93
Public Service Company of Oklahoma.	6-26-92
Rainbow Energy Marketing Corporation.	7-6-94
Sikeston, Missouri	9-15-92
Sonat Power Marketing, L.P.	11-29-96
Southern Energy Trading and Marketing, Inc.	3-31-97
Springfield, Missouri	7-29-93
Tennessee Power Company.	8-25-95
Union Electric Company ...	6-10-94
UtiliCorp United, Inc	6-4-96
Valero Power Services Company.	4-4-96
Western Farmers Electric Cooperative.	11-2-92, 5-28-93, & 8-24-94
Williams Energy Services Company.	7-12-96

Customer	Date of service agreement
WPS Energy Services, Inc	6-4-97

Attachment F

Form of Service Agreement for Network Integration Transmission Service

Part A: Service Agreement for Network Integration Transmission Service

1 This Service Agreement, dated as of _____, is entered into, by and between Southwestern Power Administration (Transmission Provider or Southwestern), and _____ (Transmission Customer).

11 The Transmission Provider may revise rates for Network Integration Transmission Service provided under this Service Agreement pursuant to applicable Federal laws, regulations, and policies upon written notice to the Transmission Customer.

12 The Transmission Provider may change the General Provisions of this Agreement (Part C) upon written notice to the Transmission Customer.

13 The Transmission Provider may recall all or part of the capacity reserved under this Service Agreement, with no less than 36 months' notice, if such capacity is required to fulfill the Transmission Provider's obligations under Section 5 of the Flood Control Act of 1944.

2 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Network Integration Transmission Service under the Transmission Provider's Open Access Transmission Tariff (Tariff).

3 The Transmission Customer has provided to the Transmission Provider a processing fee in accordance with Section 29.2 of the Tariff.

4 A Network Operating Agreement (Operating Agreement) has been executed between the Parties and is incorporated herein and made a part hereof.

5 The Tariff as presently constituted or as it may be revised or superseded is incorporated herein and made a part hereof.

6 Southwestern's rate schedule applicable to Network Integration Transmission Service (Rate Schedule) as presently constituted or as it may be revised or superseded is incorporated herein and made a part hereof.

7 Service under this Service Agreement shall commence on the latest of (1) _____, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) on the first day of the month following execution by both Parties. Service under this Service Agreement shall terminate on _____.

8 The Transmission Provider agrees to provide, and the Transmission Customer agrees to take and pay for, Network Integration Transmission Service in accordance with the provisions of Part III of the Tariff and this Service Agreement.

9 All schedules for service under this Agreement which cross Control Area boundaries between the Transmission

Provider and interconnected utilities shall conform to standards for scheduled interchange of the North American Electric Reliability Council and the applicable regional reliability council.

10 The Transmission Provider is not obligated under this Agreement to satisfy any deficiencies that may occur for the Transmission Customer as a result of suspension or reduction of schedules by a Third Party, nor is the Transmission Provider obliged to notify any party if such schedules are suspended or reduced due to the action of a Third Party.

11 The Parties specifically recognize that the Transmission Provider's ability to construct new or upgraded facilities to meet the Designated Network Loads of the Transmission Customer are contingent upon the availability of funds by the U.S. Congress to the Transmission Provider for such purpose, as set forth in Section 3 of Part C, "General Provisions Applicable to Transmission Service," appended to this Service Agreement.

11.1 The Transmission Provider's responsibilities to the Transmission Customer pursuant to Section 28.2 of the Tariff, or under other provisions of the Tariff which may require construction of additional transmission facilities in the system of the Transmission Provider to meet Designated Network Loads, are specifically limited to the extent that funds are available to the Transmission Provider for such purposes.

11.2 In the event that such facilities may be needed to meet Designated Network Loads, the Transmission Customer may elect to provide, in advance, the necessary funds for such construction by the Transmission Provider, in accordance with a separate construction agreement between the Parties. The Transmission Provider's ability to accept such funds is subject to the authority granted to the Transmission Provider by the U.S. Congress.

12 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: Administrator, Southwestern Power Administration, One West Third Street, Suite 1400, Tulsa, OK 74103.

Transmission Customer:

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

SOUTHWESTERN POWER ADMINISTRATION

By: _____
ADMINISTRATOR
One West Third Street, Suite 1400
Tulsa, OK 74103

Date: _____

Reviewed by Southwestern's General Counsel:

By: _____
(TRANSMISSION CUSTOMER)

By: _____

Title: _____

Address: _____

Date: _____

Part B: Specifications for Network Integration Transmission Service

1 The Transmission Provider will provide Network Integration Transmission Service over the Transmission Provider's Transmission System for the delivery of capacity and energy from the Transmission Customer's designated Network Resources, as set forth in Section 3 of this Part B, to the Transmission Customer's Designated Network Loads which are located in the Transmission Provider's Control Area, as set forth in Section 4 of this Part B.

2 The Transmission Provider will provide non-firm transmission service (Secondary Transmission Service) from non-designated Network Resources to meet Designated Network Loads, on an as-available basis, under the terms of this Service Agreement and in accordance Section 28.4 and other applicable Sections of the Tariff.

3 Designated Network Resources to be delivered into [or from] the Transmission Provider's Control Area on behalf of the Network Customer:

3.1 [To be specified in each Agreement, using information provided in the Transmission Customer's application for Network Integration Transmission Service.]

3.2 Any change in Network Resources shall be effected in accordance with procedures set forth in the Tariff.

4 Designated Network Loads to be served under this Service Agreement:

4.1 [To be specified in each Agreement, using information provided in the Transmission Customer's application for Network Integration Transmission Service.]

4.2 Any change in Designated Network Loads shall be effected in accordance with procedures set forth in the Tariff.

5 Specific operations under this Service Agreement are set forth in the Operating Agreement

6 Service under this Agreement may be subject to some combination of the charges detailed below.

6.1 The Network Transmission Capacity Charge is set forth in the Rate Schedule. The specific capacity which the Transmission Customer will be invoiced for is computed in accordance with procedures set forth in the Tariff and updated in conformity to such procedures. The initial charges and the specific basis for such charges for Network Integration Transmission Service applicable to this Service Agreement are included in the Operating Agreement.

6.2 Real Power Losses will be applied and charged in accordance with the Rate Schedule.

6.3 Ancillary Services Charges are set forth in the Rate Schedule. The specific Ancillary Services to be charged initially under this Agreement are listed below. Changes in Ancillary Services, if applicable, are made in accordance with the Rate Schedule.

Z. _____

6.4 System Impact and/or Facilities Study Charge(s): (to be filled in if applicable)

6.5 Direct Assignment Facilities Charge: (to be filled in if applicable)

6.5 Penalties Associated with unauthorized use of the Transmission Provider's Transmission System and associated facilities, as provided in the Operating Agreement or the Rate Schedule:

6.6 Other Charges: To be filled in and defined if applicable.

Part C: General Provisions Applicable to Transmission Service

1 *Propriety of Rates:* The Transmission Provider shall bill the Transmission Customer for the Transmission Customer's purchases of power, energy, and other services in accordance with the Rate Schedule, which is placed in effect pursuant to statute.

1.1 The Transmission Customer hereby agrees to promptly pay the Transmission Provider under such Rate Schedule, whether or not the Transmission Customer agrees with the propriety or the levels of the rates placed into effect pursuant to law, regulation, or the order of an appropriate authority, subject to the Transmission Customer's rights to terminate service.

1.2 In the event that the U.S. Congress amends the manner in which the Transmission Provider calculates or charges for its products and services, the Transmission Customer hereby agrees to promptly pay in such an amended manner, subject to the Transmission Customer's right to terminate.

2 *Changes in Rates:* The rates and/or terms and conditions set forth in the Rate Schedule may change upon confirmation and/or approval by the appropriate authority having responsibility to so confirm and/or approve rate schedules, and, whether on an interim basis or as finally confirmed and/or approved, such rates may be increased, decreased, modified, or superseded at any time and from time to time.

2.1 If such rates are so increased, decreased, modified, or superseded, the rates and terms and conditions shall thereupon become effective and applicable to the Transmission Service furnished by the Transmission Provider under this Agreement, in accordance with and on the effective date specified in the order of the appropriate authority.

2.2 The Transmission Provider shall promptly notify the Transmission Customer in writing of the redetermination and/or changes and modifications made in the then-effective Transmission Provider's rate schedules for Transmission Service.

2.3 If such notice advises that the rates to be paid by the Transmission Customer for the Transmission Service furnished by the Transmission Provider under this Agreement are greater than the then-effective rate for such service, The Transmission Customer may, by written notice to the Transmission Provider at any time within 90 days

following the date of receipt of such notice from the Transmission Provider, terminate this Agreement in its entirety, such termination to become effective as of the last day of any month following no less than 6 months after the date of receipt by the Transmission Provider of such notice of termination from the Transmission Customer.

2.4 In the event that the Transmission Customer elects to terminate this Agreement pursuant to this Section 2, the Transmission Customer shall pay for services under this Agreement at the then-effective rates during the interim between the date of such notice and the effective termination date specified in such notice.

3 *Availability of Funds to the Transmission Provider:* This Agreement and all rights and obligations hereunder, and the expenditure of funds by the Transmission Provider under its provisions, are expressly conditioned and contingent upon the U.S. Congress's making available (through direct appropriation, authorization of a revolving fund, the authority to borrow funds, or through such other means as it may provide) the necessary funds to enable the Transmission Provider to carry out the provisions of this Agreement, and if such funds are not available, this Agreement shall terminate and have no further force or effect as of the last day for which funds were available, and the Transmission Customer hereby releases the Transmission Provider from any and all liability for failure to perform and fulfill its obligations under this Agreement for that reason.

3.1 No obligation contained herein for the future payment of money by the Transmission Provider, or liability on the part of the Transmission Provider for breach of any of the provisions contained herein, shall be binding upon or enforceable against the Transmission Provider unless and until funds, as provided in this Section 3, are available out of which such obligations or liability can be legally paid.

3.2 Nothing in this Agreement may be considered as implying that the U.S. Congress will, at a later date, appropriate funds sufficient to meet any deficiencies or obligations incurred under this Agreement.

4 *Covenant Against Contingent Fees:* The Transmission Customer warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the Transmission Customer for the purpose of securing business. For breach or violation of this warranty, the Transmission Provider shall have the right to annul this Agreement without liability, or, at its discretion, to add to the Agreement price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

5 *Termination for Breach:* If either Party breaches a material provision of this Agreement, the other Party, at its option, may terminate this Agreement upon 30 days' prior written notice of its intention to do so, and this Agreement *ipso facto* shall terminate at the end of such 30-day period unless such

violation is corrected within that period. Neither Party shall be considered to be in default or breach with respect to any obligation under this Agreement if prevented from fulfilling such obligation by reason of an Uncontrollable Force.

6 *Convict Labor:* In connection with the performance of work under this Agreement, the Transmission Customer agrees not to employ any person undergoing sentence of imprisonment except as provided by Public Law 89-176, September 10, 1965 (18 U.S.C. 4062 (c)(2)), and Executive Order 11755, December 29, 1973.

7 *Equal Employment Opportunity:* During the performance of this Agreement, the Transmission Customer agrees to abide by and to fulfill the nondiscrimination requirements of the "equal opportunity clause" contained in Section 202 of Executive Order 11246 dated September 24, 1965 (30 FR 12319), any Executive Order amending such order, and any other Executive Order superseding such order.

8 *Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era:* During the performance of this Agreement, the Transmission Customer agrees to comply with Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974, Public Law 93-508 as it amends Public Law 92-540, to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era, and to fulfill the requirements of the "affirmative action clause," 38 USCA Sections 2011 and 2012 (1979); 41 CFR 60-250 *et seq.*

9 *Affirmative Action for Handicapped Workers:* During the performance of this Agreement, the Transmission Customer agrees to comply with Section 503 of the Rehabilitation Act of 1973, Public Law 93-516, to take affirmative action to employ and advance in employment qualified handicapped individuals, and to otherwise fulfill the requirements of the "affirmative action clause," 29 USCA Section 793 (1979); 41 CFR 60-741 *et seq.*

10 *Contract Work Hours and Safety Standards:* This Agreement, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act, 40 U.S.C. 327-333 (1986), is subject to the provisions of the said Act and to regulations promulgated by the Secretary of Labor pursuant to the said Act. The following provisions are applicable only to Transmission Customers which receive service through facilities which are (1) jointly used by the Transmission Provider and the Transmission Customer, (2) where the Transmission Customer would have occasion to enter the facilities of the Transmission Provider, (3) where the Transmission Customer owns facilities installed on the property of the Transmission Provider, and/or (4) when the Transmission Customer takes service directly from facilities owned and maintained by the Transmission Provider.

11 *Meter Tests and Adjustments:* Any metering equipment which may be used in power accounting for Transmission Service under this Agreement shall be inspected and tested at least once each year by the Party responsible, and at any reasonable time upon request by either Party. Metering equipment

found to be defective or inaccurate shall be repaired and readjusted or replaced by the owner.

11.1 A meter shall be considered inaccurate if it is found to deviate from an accurate standard meter in excess of 0.5 percent when tested at 100 percent of load or 1.0 percent when tested at 10 percent of load.

11.2 If any meter inspection or test discloses an error exceeding 2 percent, a correction based upon the inaccuracy found shall be made on the records of electric service furnished since the beginning of the monthly billing period immediately preceding the billing period during which the test was made, and such correction, when made, shall constitute full adjustment of any claim between the parties hereto arising out of such inaccuracy of metering equipment.

12 *Reliability, Safety, Health, and Environmental Requirements in Regard to Construction, Operation, and Maintenance on U.S. Government Property:* The provisions of this Section 12 shall apply only if the Transmission Customer, its agents or contractors, or its member entities perform maintenance, operations, or construction on the property of the U.S. Government (Government), or on easements shared by the Government and the Transmission Customer.

12.1 Such construction, maintenance, and operation shall be performed in accordance with standards at least equal to those provided by the National Electrical Safety Code and shall conform to safety, environmental, and security procedures identified by Transmission Provider as appropriate to each facility in which such work is performed. The Transmission Provider provides such written procedures in each of the facilities it maintains and to affected Transmission Customers.

12.2 The Transmission Customer and/or its member entities shall take all reasonable precautions in the performance of such work to protect the public and the environment. The Transmission Customer and/or its member entities shall comply with all applicable local, state, and Federal regulations and requirements in the performance of such work, including, but not limited to, the National Environmental Policy Act, the Clean Air Act; the Clean Water Act; the Comprehensive Environmental Responsibility, Compensation, and Liability Act; the Toxic Substances Control Act; the Resource Conservation and Recovery Act; the Superfund Amendments and Reauthorization Act (SARA); SARA Title III (Emergency Planning and Community Right-to-Know Act of 1986); and the Occupational Safety and Health Act.

12.3 In the event that the Transmission Provider, at its sole option and in its sole judgment, determines that construction, maintenance, or operation of facilities which are performed under this Agreement by the Transmission Customer, and/or one of its member entities, do not meet the standards and/or regulations and requirements specified in this Section 12, or if the Transmission Provider determines, in its sole judgment, that a condition exists which provides a potentially adverse impact (1) on the reliability of services provided by

Transmission Provider to its customers, (2) on the safety and/or health of the public or employees and agents of the parties hereto, and/or (3) on the environment, then Transmission Provider may provide written notice to the Transmission Customer and/or its member entity of the deficient condition; *Provided*, That, if such condition, in Transmission Provider's sole judgment and at Transmission Provider's sole option, requires immediate attention and does not allow time for such notice, Transmission Provider will remedy the condition and, where appropriate, bill the Transmission Customer.

12.4 Where, in the Transmission Provider's sole judgment, remedy of the said deficient condition is not time critical, the Transmission Customer and/or its member entity shall provide a written plan and schedule to Transmission Provider within 30 days of receipt of the said written notice. Such plan and schedule shall provide for correction of the said deficiency at the earliest possible time available to the Transmission Customer and/or its member entity; *Provided*, That, the maximum time allowed for the Transmission Customer and/or its member entity to correct any such deficiency shall not exceed 18 months from receipt of the said written notice. The Transmission Customer shall coordinate or, if applicable, cause its member entity to coordinate, any work and outages which may involve Transmission Provider's facilities with Transmission Provider's Dispatch Center (Dispatch Center) in Springfield, Missouri.

12.5 Unless otherwise agreed in writing, correction of deficiencies pursuant to this Section 12 shall be at the expense of the Transmission Customer.

12.6 If the Transmission Customer and/or its member entity fails to correct the deficiency within the time provided pursuant to this Section 12, the Transmission Provider shall have the right, at its sole option and in its sole discretion, to terminate service through the affected facilities until such deficiencies are corrected to the satisfaction of Transmission Provider.

12.7 If, within the time period provided pursuant to this Section 12, an emergency condition occurs which, in the sole judgment of Transmission Provider, may cause an adverse impact on the reliability of the Transmission System of Transmission Provider and/or on the environment, or which poses a hazard to the safety and/or health of the public or employees and agents of the parties hereto, then Transmission Provider may, at its sole option, remedy or repair such condition or equipment and bill the Transmission Customer, and the Transmission Customer agrees to render the Transmission Provider reimbursement.

13 *Right of Installation and Access:* Each Party grants to the other permission, or will obtain such permission for the other Party, to install, maintain, and operate, or cause to be installed, maintained, and operated, on the System of Transmission Provider and on the System of the Transmission Customer, at the Point(s) of Delivery between the System of Transmission Provider and the System of the Transmission Customer utilized under this Agreement, any and all terminal equipment

and associated electrical apparatus and devices necessary in the performance of this Agreement.

13.1 Each party shall permit, or shall obtain permission for, duly authorized representatives and employees of the other Party to enter upon the System of the Transmission Provider and the System of the Transmission Customer at the said Point(s) of Delivery for the purpose of reading or checking meters; for inspecting, testing, repairing, renewing, or exchanging any or all of the equipment owned by the other party located on such premises; or for the purpose of performing any other work necessary in the performance of this Agreement.

13.2 Access for any work performed by one party under this Section 13 which may affect the other Party's equipment shall normally be preceded by at least one day's notice to the affected Party, except in the event of an emergency, in which case such notice shall be made as soon as possible after such emergency occurrence. Notice to Transmission Provider pursuant to this Section 13 shall be made to the Dispatch Center.

13.3 Any access to property controlled by the Transmission Provider shall include notification to Transmission Provider at the time of entry. Any employee or agent of the Transmission Customer, or of its member entities, who enters a Transmission Provider facility is expected to call the Dispatch Center from a telephone located in the control building in that facility and to identify himself or herself. Security devices located in the control buildings at Transmission Provider facilities sound an alarm in the Dispatch Center when the building is entered. Local law enforcement officers may be asked to investigate any unidentified entry.

13.4 Any equipment, apparatus, or devices installed on the System of the Transmission Provider by the Transmission Customer, as provided under this Section 13, shall be clearly and permanently marked to indicate ownership, and, in addition, a detailed description of each item so installed (including, if applicable, manufacturer's name, serial number, model number, etc.) shall be communicated to Transmission Provider to aid in maintenance of plant accounts.

13.5 In the event the equipment, apparatus, or devices are not marked in accordance with Section 13.4, ownership of said equipment, apparatus, or devices shall be presumed to be vested in Transmission Provider.

13.6 The Transmission Customer agrees that, if requested by Transmission Provider, the description required under Section 13.4 shall include a detailed analysis of all dielectrical oil, including, but not limited to, tests for polychlorinated biphenyls (PCBs). If such analysis indicates the presence of a known hazardous substance, which, in the Transmission Provider's sole judgment, presents a significant hazard to the environment or to the health and safety of employees of the parties hereto, the Transmission Provider may require, at its sole option, by written request, removal of any equipment containing such substance,

and the Transmission Customer agrees to comply with such request for removal at no cost to Transmission Provider.

14 *Right of Removal:* Any and all equipment, apparatus, or devices placed or installed or caused to be placed or installed by the Parties on or in the System of the Transmission Provider or the System of the Transmission Customer shall be and shall remain the property of the Party owning and installing such equipment, apparatus, devices, or facilities, regardless of the mode or manner of annexation or attachment to real property, and, upon the termination of this Agreement, the owner thereof shall have the right to enter upon the premises or system of the other and shall, within a reasonable time, remove such equipment, apparatus, devices, or facilities, subject to the provisions of Section 13.5.

15 *Right to Upgrade Facilities:* The Transmission Provider reserves the right to modify or upgrade its Transmission System and any of the elements which support such Transmission System, including, but not limited to, changes in: (1) The Transmission Provider's transmission voltages, (2) The Transmission Provider's transmission system components, (3) The Transmission Provider's communications system, (4) The Transmission Provider's Supervisory Control and Data Acquisition (SCADA) System, and (5) other modifications necessary to comply with the standards and/or regulations and requirements mentioned in Section 16.

15.1 If, during the term of this Agreement, the Transmission Provider determines, in its sole judgment and at its sole option, that modifications or upgrades to its Transmission System and associated facilities are required, then, in that event, the Transmission Customer shall be responsible for any and all costs and expenses incurred by the Transmission Customer in order to continue to receive services provided under this Agreement.

15.2 If the Transmission Customer elects not to make changes in its facilities which, in The Transmission Provider's judgment, are required for the Transmission Customer to continue to receive reliable service from the Transmission Provider's modified or upgraded facilities, then the Transmission Customer will discontinue receipt of the services provided under this Agreement which are dependent on such modified or upgraded facilities, and the provisions of this Agreement which describe such services shall be terminated or, at the Transmission Provider's sole option, suspended, until the Transmission Customer completes the changes in its facilities which the Transmission Provider, in its sole judgment, deems necessary for safe and reliable service to the Transmission Customer.

15.3 The Transmission Provider shall notify the Transmission Customer of the specific sections or articles of the Agreement which are to be terminated or suspended pursuant to this Section 15.

15.4 Any provisions of this Agreement which are not specifically terminated or suspended pursuant to Section 15.3 shall not in any way be affected and shall remain in full force and effect except insofar as the services provided pursuant to the terminated

or suspended provisions which are reflected in other provisions of this Agreement will also be terminated or suspended.

15.5 Termination or suspension of specific provisions of this Agreement pursuant to this Section 17 shall be without penalty to either of the Parties, except that the rights of the Parties, if any, which accrued prior to the date of such termination or suspension shall be and hereby are preserved.

16 *Limitation on Rights of Entry:* The Transmission Provider reserves the right, upon notice to the Transmission Customer, to revoke or cancel the rights of entry granted under this Agreement with regard to any particular representative of the Transmission Customer, if, in the sole judgment of the Transmission Provider, such revocation or cancellation is required in the interest of national security.

17 *Assistance by Contracting Parties:* If assistance in maintenance and utilization of their respective systems is rendered by the Transmission Provider and/or the Transmission Customer, the following terms and conditions shall apply:

17.1 If, in the maintenance or utilization of their respective transmission systems and related facilities for the purpose of this Agreement, it becomes necessary by reason of any emergency or extraordinary condition for the Transmission Provider or the Transmission Customer to request the other to furnish personnel, materials, tools, and equipment for the maintenance or modification of, or other work on, such transmission systems and related facilities to insure continuity of power and energy deliveries, the Party requested shall cooperate with the other and render such assistance as the Party requested may determine to be available.

17.2 The Party making such request, upon receipt of properly itemized bills, shall reimburse the Party rendering such assistance, including overhead and administrative and general expenses. The Transmission Customer and the Transmission Provider agree to account for any incurred costs under a Work Order accounting procedure and in accordance with the Uniform System of Accounts prescribed for public utilities by the Commission.

17.3 Billing statements rendered by the Transmission Customer and the Transmission Provider for such reimbursement shall be due 20 days from the date thereof.

Attachment G

Network Operating Agreement

To be provided by the Transmission Provider at such time as the Transmission Provider has negotiated or offered a Network Integration Transmission Service Agreement. The terms and conditions under which the Network Customer will be required to operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service will be specified in a separate Network Operating Agreement and appended to the applicable Service Agreement.

The Network Operating Agreement may include, but is not limited to, provisions addressing the following matters:

Authorized Representatives of the Parties
Network Operating Committee
Load Following
System Protection
Redispatch to Manage Transmission Constraints
Maintenance of Facilities
Load Shedding
Operation Impacts
Service Conditions
Data, Information and Reports
Metering
Communications
System Regulation and Operating Reserves
Assignment
Notices
Accounting for Transmission Losses
Ancillary Services
Penalties for Unauthorized Use of Transmission Provider's System

Attachment H

Annual Transmission Revenue Requirement For Network Integration Transmission Service

1.0 The Annual Transmission Revenue Requirement for purposes of the Network Integration Transmission Service is set forth in the Transmission Provider's rate schedule for transmission services.

Attachment I

Index of Network Integration Transmission Service Customers

Customer Date of Service Agreement. Transmission Provider has no Network Customers at this time.

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BILLING CODE 6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Open Access Transmission Service Tariff

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of final Tariff.

SUMMARY: The Western Area Power Administration (Western) is adopting this final Open Access Transmission Service Tariff (Tariff) in order to be consistent with the Federal Energy Regulatory Commission (FERC) Order Nos. 888 and 888-A to the extent consistent with laws applicable to Western's activities.

DATES: The Tariff will become effective February 5, 1998. The Tariff will remain in effect until superseded.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

Table of Contents

- I. Procedures
- II. Background
- III. Comments Raised During the Development of this Final Tariff
- IV. Summary of Significant Changes from Western's Proposed Tariff
- V. Coordination with Adoption of Open Access Transmission Rates
- VI. Regulatory Requirements

I. Procedures

Western will submit the final Tariff to FERC under a non-jurisdictional docket and will request a declaratory order that the Tariff meets FERC comparability standards as set forth in FERC Order Nos. 888 and 888-A. Western will make the necessary changes in response to the FERC declaratory order and will publish the revised final Tariff in the **Federal Register**.

II. Background

Use of transmission facilities that Western owns, operates, or to which it has contract rights for delivery of Federal long-term firm capacity and energy to project use and electric service customers is a Western responsibility under the terms and conditions of marketing criteria and electric service contracts implementing statutory obligations to market Federal power. This is complementary with the provisions of the Tariff. Transmission service provided by Western under the Tariff is solely for the use of available transmission capability in excess of the