

EXHIBIT 2

IN THE
SUPREME COURT OF THE STATE OF UTAH

ELLIS-HALL CONSULTANTS,
Petitioner,

v.

PUBLIC SERVICE COMMISSION OF UTAH,
Respondent.

No. 20140616
Filed July 28, 2016

On Petition for Review of an Administrative Order
Docket No. 14-035-24

Attorneys:

Mary Anne Q. Wood, Stephen Q. Wood, Salt Lake City,
for petitioner

Sean D. Reyes, Att’y Gen., Nancy L. Kemp, Justin C. Jetter,
Asst. Att’ys Gen., Salt Lake City, for respondent

ASSOCIATE CHIEF JUSTICE LEE authored the opinion of the Court, in
which CHIEF JUSTICE DURRANT, JUSTICE DURHAM, JUSTICE HIMONAS,
and JUSTICE PEARCE joined.

ASSOCIATE CHIEF JUSTICE LEE, opinion of the Court:

¶1 Ellis-Hall Consultants is involved in the development of wind power projects in Southeastern Utah. The aim of these projects is to sell power to PacifiCorp through its Rocky Mountain Power division. To qualify to do so, Ellis-Hall is required to enter into and secure agency approval of a power purchase agreement. But first Rocky Mountain Power is required by governing regulations to provide “indicative pricing” to a producer seeking to pursue a power purchase agreement. Indicative pricing is to be “tailored to the individual characteristics of the proposed project.” *Rocky Mountain Power, Electric Service Schedule No. 38 I.B(4)* (2014). And it is aimed at allowing the producer to “make determinations regarding project planning, financing, and feasibility.” *Id.*

Opinion of the Court

¶2 Ellis-Hall received an indicative pricing proposal in 2012. Yet Rocky Mountain Power later rescinded that proposal and refused to proceed with negotiations on a power purchase agreement under its earlier indicative pricing. It did so on the ground that the Utah Public Service Commission had since issued an order adopting a new pricing methodology. Ellis-Hall challenged that decision in a proceeding before the Commission. Ellis-Hall asserted a right to rely on the old indicative pricing proposal in negotiating a power purchase agreement. The Commission disagreed. We reverse.

I

¶3 To encourage the development of alternative energy resources, federal law requires a utility to purchase wind energy and other forms of alternative power from qualifying facilities¹ at its avoided cost—what it would have cost the utility to generate the power itself or purchase it from another source. 16 U.S.C. § 824a-3; 18 C.F.R. § 292.101. The Commission establishes the methodology for determining avoided cost. It also promulgates regulatory tariffs establishing the rules for the negotiation and approval of power purchase agreements.

¶4 The tariff in question here is called Electric Service Schedule 38. Schedule 38 was adopted by the Commission in 2003. It governs negotiations between a qualifying facility and Rocky Mountain Power.

¶5 Under Schedule 38, Rocky Mountain Power is required to provide a qualifying facility with an indicative pricing proposal once the facility submits certain information regarding a proposed project. The pricing proposal must be “tailored to the individual characteristics of the proposed project.” *Schedule 38* I.B(3). And it is aimed at allowing the owner of the qualifying facility to “make determinations regarding project planning, financing, and feasibility.” *Id.*

¶6 Schedule 38 also notes that indicative “prices are merely indicative and not final and binding” until the parties negotiate and execute a power purchase agreement that is approved by the Commission. *Id.* And it identifies specific subsequent steps that a

¹ The federal standards for qualifying facility status are set forth in 18 C.F.R. § 292.203. We are not asked here to decide whether Ellis-Hall’s project is a qualifying facility.

Opinion of the Court

qualifying facility should take to be entitled to receive a draft power purchase agreement and to proceed toward final negotiation.

¶7 Rocky Mountain Power may “update its pricing proposals” in response to “changes to the Company’s avoided-cost calculations.” *Id.* at I.B(6)(c). But it may “not unreasonably delay negotiations” and must “respond in good faith.” *Id.* at I.B(6)(2). Beyond that Schedule 38 says little about the relationship between avoided cost methodologies and indicative pricing. It does not speak specifically to the effect of a change in avoided cost methodology on existing indicative pricing proposals.

¶8 The Commission adopted a “market proxy” methodology for determining the avoided cost for wind power projects in 2005. Under that method, avoided cost was determined by reference to Rocky Mountain Power’s most recent request for a proposal to supply wind energy. So this method pegged avoided cost at the level of the most recent market-based wind contract—executed in 2009—rather than looking at the current cost to generate energy. At the time this methodology was adopted, it was considered fair because Rocky Mountain Power anticipated sending out a request for a proposal and negotiating a new price each year.

¶9 Ellis-Hall requested indicative pricing for its wind power project in 2012. At that time the “market proxy” methodology was still in place. Soon thereafter, however, Rocky Mountain Power sought the Commission’s approval for a change in methodology. Because Rocky Mountain Power had not issued a proposal in several years and the cost of producing wind energy had decreased, it argued that it was overpaying under the market proxy methodology. It also sought a stay—an order allowing it to refuse to issue new indicative pricing proposals until the Commission could decide whether to adopt a new methodology.

¶10 Ellis-Hall moved to intervene. It sought to challenge the requested change in methodology and to block the issuance of a stay. The Commission granted Ellis-Hall’s motion to intervene. It also bifurcated the proceedings into two phases.

¶11 In the first phase the Commission considered—and denied—Rocky Mountain Power’s request for a stay. In so doing, the Commission explained that the request “ignore[d] the practical realities of bringing a large wind [qualifying facility] project from inception to conclusion, in assuming all five projects in the queue [including Ellis-Hall] would be able to negotiate power purchase agreements before our order in Phase Two.” *Id.* at 17. Yet the Commission also noted the possibility that “the outcome of the

Opinion of the Court

Phase Two hearings and the interests of ratepayers may require the application of new avoided cost calculations for . . . projects not in possession of executed power purchase agreements when the Phase Two order is issued." *Id.*

¶12 After the Commission's "Phase One" order was issued, Rocky Mountain Power provided Ellis-Hall with an indicative pricing proposal based on the market proxy methodology. Before Ellis-Hall was able to negotiate a power purchase agreement with Rocky Mountain Power, however, the Commission issued its "Phase Two" order. This order "discontinue[d]" use of the market proxy methodology "for determining indicative prices for Schedule 38 wind [facilities] going forward." *Order on Phase Two Issues* at 18. It also adopted a new avoided cost methodology—the Proxy/PDDRR (partial displacement differential revenue requirement) method, which allowed Rocky Mountain Power to determine its avoided cost based on current energy production cost rather than the cost of the most recently executed proposal. This new methodology was expected to lower Rocky Mountain Power's avoided costs.² *Id.* Finally, the Phase Two order provided that the market proxy method was discontinued "going forward." *Id.* It accordingly concluded that "future requests for indicative pricing" would be governed by the new methodology, thus "ensur[ing]" that "future indicative prices . . . will reflect" market costs "appropriately." *Id.*

¶13 In reliance on the Phase Two order, Rocky Mountain Power sent Ellis-Hall a letter stating that "the previously provided indicative pricing [was] no longer valid." *Order Dismissing Ellis-Hall Complaint* at 5. It also asked Ellis-Hall to submit a request for "updated indicative pricing" under Schedule 38 if it wished to proceed toward a power purchase agreement. *Id.* Ellis-Hall refused to submit such a new request. Instead it filed a complaint with the Commission, asserting that Rocky Mountain Power was required to honor its prior indicative pricing proposal and to negotiate a power purchase agreement using the market proxy methodology. In Ellis-Hall's view there was no need for a request for new indicative pricing, as it already had an indicative pricing proposal and was entitled to rely on it in negotiating a power purchase agreement.

² This seems to be undisputed. None of the parties suggest that an avoided cost determined under the new methodology would result in Ellis-Hall being paid more for its energy production. And Ellis-Hall asserts that it is no longer economically feasible for it to proceed under the new methodology.

And Ellis-Hall claimed that the Phase Two order had no application to existing indicative pricing proposals, but only to future requests for such proposals.

¶14 The Commission rejected Ellis-Hall's position. It concluded that the "plain language of Schedule 38, the Phase [One] Order and the Phase [Two] Order" require Rocky Mountain Power to utilize the new methodology. *Order Dismissing Ellis-Hall Complaint* at 21. First, the Commission noted that the market proxy method was "discontinued pursuant to the [Phase Two order]." Second, the Commission stated that the Phase One order "fully anticipated the possibility that a change in its avoided cost method would result in the application of new avoided cost calculations for all large wind . . . projects not in possession of executed power purchase agreements when the Phase [Two] order was issued." *Id.* at 21.

¶15 For these reasons, the Commission concluded that its orders did not "vest [Ellis-Hall] with indicative pricing" calculated using an outdated method. *Id.* at 22. It also held that Rocky Mountain Power was required "to update pricing to reflect changes to avoided cost calculations" under Schedule 38 and the "underlying mandates of federal and Utah state law." *Id.* at 20-21. And because prices are not "final and binding" until a power purchase agreement is negotiated, the Commission held that Ellis-Hall was not entitled to continue to rely on the methodology used in Rocky Mountain Power's indicative pricing proposal. *Id.* at 23.

¶16 Ellis-Hall filed a petition for review or rehearing with the Commission, which was denied. It subsequently filed a timely petition for review with this court.

II

¶17 Ellis-Hall raises pure questions of law in its petition challenging the Commission's decision. It claims error in the Commission's interpretation of both Schedule 38 and the Phase One and Phase Two orders.

¶18 A threshold question presented concerns the governing standard of review. We first conclude that we owe no deference to the Commission's legal conclusions. We then proceed to consider the Commission's interpretation of Schedule 38 and of the two orders in question. And we conclude that the Commission erred determining Ellis-Hall did not have a right to rely on the indicative pricing provided by Rocky Mountain Power under the market proxy method and was required to submit a request for new indicative pricing.

Opinion of the Court

A

¶19 We have sometimes said that “we give considerable weight” to the [Public Service Commission’s] interpretations of technical provisions such as tariffs.” *McCune & McCune v. Mountain Bell Tel.*, 758 P.2d 914, 917 (Utah 1988). And we have justified such deference on the basis of an inference of “legislative intent to delegate” to the “responsible agency” the discretionary power to interpret its regulations. *Utah Dep’t of Admin. Servs. v. Pub. Serv. Comm’n*, 658 P.2d 601, 610 (Utah 1983).

¶20 The Commission asks us to apply that standard here. It seeks affirmance on the ground that its interpretation of Schedule 38 and the Phase One and Phase Two orders falls “within the limits of reasonableness or rationality.” *McCune & McCune*, 758 P.2d at 917; *see also Bradshaw v. Wilkinson Water Co.*, 2004 UT 38, ¶ 11, 94 P.3d 242.

¶21 We acknowledge the apparent basis for the Commission’s position under the cited cases. But we conclude that the deferential standard of review set forth above has been overtaken by more recent authority. And we conclude that the appropriate standard is a non-deferential one that reviews the Commission’s conclusions of law – its interpretations of its prior orders and regulatory provisions like Schedule 38 – for correctness.

¶22 For years our caselaw was riddled with tension on the question of the standard of review that applies to judicial review of agency action. *See Murray v. Utah Labor Comm’n*, 2013 UT 38, ¶ 11, 308 P.2d 461 (noting “our inconsistent precedent on . . . standards of review” under the Utah Administrative Procedures Act). On one hand, we had held that an agency’s legal conclusions could be subject to a deferential standard of review where the legislature “has either explicitly or implicitly delegated discretion to an agency to interpret or apply the law.” *Id.* ¶ 12 (citing *Morton Int’l, Inc. v. Tax Comm’n*, 814 P.2d 581, 588 (Utah 1991)). On the other hand, in some cases we had applied traditional standards of review to agency decisions – standards that turned on whether an agency’s decision turned on a question of law, a question of fact, or a mixed question. *Id.* ¶ 13 (citing *Drake v. Indus. Comm’n*, 939 P.2d 177, 179–81 (Utah 1997)).

¶23 *Murray* overruled the first line of cases in favor of the latter. It held that “the appropriate standard of review of final agency actions will depend on the type of action in question” – on “whether it can be characterized as” turning on “a question of law, a question of fact, or a mixed question of law and fact.” *Id.* ¶ 22. And it repudiated the notion that an agency’s “authority” to apply a

Opinion of the Court

statutory framework sustained an inference of “discretion” leading to deference to its decisions. *See id.* ¶ 28 (noting that the inquiry into whether the legislature had made a “delegation[] of discretion” to an agency had “proved difficult to apply” and holding that a “grant of authority” to an agency “does not turn an agency’s application or interpretation of the law” into a discretionary decision warranting deference).

¶24 *Murray* thus calls for non-deferential “correctness” review of agency conclusions of law. *See id.* ¶¶ 9, 12. That is the traditional standard that applies on review of pure legal questions. *See Manzanares v. Byington (In re Adoption of Baby B.)*, 2012 UT 35, ¶ 41, 308 P.3d 382. And it is thus the standard that applies under *Murray*.

¶25 We reinforced that conclusion in *Hughes General Contractors v. Utah Labor Commission*, 2014 UT 3, 322 P.3d 712. There we indicated that we have “openly repudiated” a standard of deference to administrative agencies like that which applies in federal court under *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984). *Id.* ¶ 25. And we clarified that “we have retained for the courts the de novo prerogative of interpreting the law, unencumbered by any standard of agency deference.” *Id.*

¶26 *Hughes* also clarifies a point made in *Murray*. It notes that deference to agencies is limited to circumstances prescribed by statute or required by our caselaw—“as when an agency makes a factual determination, or ‘whenever the Legislature directs an agency to engage in [discretionary] decisionmaking.’” *Id.* ¶ 25 n.4 (alteration in original). But *Hughes* also highlights the limited nature of the kind of discretionary judgments that qualify for deference: “A ‘discretionary decision involves a question with a range of ‘acceptable’ answers, some better than others, and the agency . . . is free to choose from among this range without regard to what an appellate court thinks is the ‘best’ answer.’” *Id.* (alteration in original) (quoting *Murray*, 2013 UT 38, ¶ 30). And *Hughes* emphasizes that “[s]tatutory interpretation does not present such a discretionary decision,” and thus is not subject to deferential review. *Id.*

¶27 We now reinforce our holdings in *Murray* and *Hughes*. We reiterate that agency decisions premised on pure questions of law are subject to non-deferential review for correctness.

¶28 In so holding, we repudiate our prior decisions calling for deference to an agency’s interpretation of its own orders or regulatory enactments. And we hold that the Commission is not

Opinion of the Court

entitled to deference as to its interpretation of Schedule 38 or its Phase One and Phase Two orders.

¶29 As the Commission notes, we have sometimes called for deference to an agency's interpretation of its own regulations on the ground that the agency "is best suited to say what its orders mean." *Reaveley v. Pub. Serv. Comm'n*, 436 P.2d 797, 799 (Utah 1968). And there is a parallel principle of deference in federal law. See *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410, 414 (1945) (providing for deference to agency interpretation of its own regulations unless it is "plainly erroneous or inconsistent with the regulation"); *Auer v. Robbins*, 519 U.S. 452, 461 (1997) (same).

¶30 We are in no way bound by the federal standard, however. And the underlying premises of this principle of deference are irreconcilable with our decisions in *Murray* and *Hughes*.

¶31 Schedule 38 is law. So are the orders issued by the Commission. See *Salt Lake Citizens Cong. v. Mountain States Tel. & Tel. Co.*, 846 P.2d 1245, 1253 (Utah 1992) (holding that "[r]ules of law developed in the context of agency adjudication are as binding as those promulgated by agency rule making"). They are accordingly binding on interested parties like Ellis-Hall. And such parties have a right to read and rely on the terms of these regulations. Because the words in the Commission's orders have the force of law, the Commission has no right to *revise* them by a later "interpretation."³ It is the Commission's orders and tariffs that have the force of law, not its privately held intentions. So an agency has no authority to override the terms of an issued order by vindicating the agency's "true" intent. Agencies make law by issuing orders or promulgating regulations. Privately held intentions that contradict such rules are not law.

¶32 We are in as good a position as the agency to interpret the text of a regulation that carries the force of law. In fact, we may be in a better position. The agency here is in the position of lawmaker; in adopting Schedule 38 and issuing the two orders in question, the Commission has exercised authority delegated to it by the legislature. With that in mind, it makes little sense for us to defer to

³ An agency, of course, may have the authority in certain circumstances to repeal a prior order and issue a new one. But such power is distinct from the power to *interpret* an existing order. And the Commission has not repealed Schedule 38 or either of its operative orders.

the agency's interpretation of law of its own making. If we did so we would place the power to write the law and the power to authoritatively interpret it in the same hands. That would be troubling, if not unconstitutional.⁴ See UTAH. CONST. art. V, § 1 (forbidding any one branch of government from "exercis[ing] any functions appertaining to either of the others").

¶33 "It is emphatically the province and duty of the judicial department to say what the law is." *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 177 (1803). We accordingly review the Commission's interpretation of Schedule 38 and the Phase One and Phase Two orders without affording any deference to the Commission.

B

¶34 The Commission's Phase One order concludes that "the outcome of the Phase Two hearings and the interests of ratepayers *may* require the application of new avoided cost calculations" for those "not in possession of executed power purchase agreements when the Phase Two order is issued." *Order on Motion to Stay Agency Action* at 17-18 (emphasis added). And the Phase Two order in fact adopts a new avoided cost methodology. It repudiates the market proxy method "for determining indicative prices . . . going forward" and concludes that the Proxy/PDDRR method "is a reasonable method for determining wind resource indicative prices *going forward*." *Order on Phase Two Issues* at 18 (emphasis added).

¶35 The Commission interpreted these orders as repudiating the terms of any indicative pricing for entities (like Ellis-Hall) not yet "in possession of executed power purchase agreements when the Phase Two order issued." *Order Dismissing Ellis-Hall Complaint* at 21. It sought to buttress that conclusion, moreover, by reference to the terms of Schedule 38. Schedule 38 authorizes Rocky Mountain Power to "update its pricing proposals at appropriate intervals to accommodate any changes to the Company's avoided-cost

⁴ The executive and legislative branches do interpret the law, of course. And agencies interpret laws of their own making with some regularity. But such interpretation—in the process of fulfilling constitutionally assigned powers—is different from exercising authoritative power to say what the law is. Only the judicial branch does that. And when another branch interprets law in the course of fulfilling its governmental functions, it is ultimately subject to judicial review without deference by the courts. Such review preserves the proper separation of powers.

Opinion of the Court

calculation.” *Schedule 38* I.B(6)(c). And it provides that “[p]rices and other terms and conditions in the power purchase agreement will not be final and binding until the power purchase agreement has been executed by both parties and approved by the Commission.” *Id.* I.B(7).

¶36 In light of the above, the Commission concluded that the Phase Two order “does not vest” qualifying facilities with a right to rely on “indicative pricing calculated using an outdated method and received under Schedule 38” prior to issuance of that order. *Order Dismissing Ellis-Hall Complaint* at 22. “Rather,” the Commission held, “indicative prices are required to be updated to reflect new avoided costs calculations until a power purchase agreement is executed by both parties.” *Id.* And because the indicative pricing issued to Ellis-Hall had not been adopted in a power purchase agreement executed by both parties and approved by the Commission, the Commission held that Ellis-Hall was required to submit a request for new indicative pricing before it could proceed with a power purchase agreement.

¶37 We reverse. We construe the terms of the Phase Two order, when read in light of the Phase One order and Schedule 38, to yield a right to a wind power developer to rely on the methodology set forth in the “indicative pricing proposal” it receives from Rocky Mountain Power. The precise calculations in the indicative pricing proposal, of course, are not set in stone; Schedule 38 makes clear that Rocky Mountain Power may “update” its proposals to make changes to its calculations. But the operative terms of the Commission’s orders and of Schedule 38 give entities like Ellis-Hall a right to rely on the methodology employed in an indicative pricing proposal once it is given.

¶38 We reach that conclusion for several reasons. First, the Phase One order nowhere mandates a new avoided cost methodology; it simply says that the Phase Two proceedings “and the interests of ratepayers *may* require” a new methodology. *Phase One Order* at 17 (emphasis added). Significantly, moreover, the Phase One order declines to stay the market proxy methodology. And in so doing it indicates that the request for a stay “ignores the practical realities of bringing a large wind [qualifying facility] project from inception to conclusion, in assuming all five projects in the queue [including Ellis-Hall’s] would be able to negotiate power purchase agreements before” the Phase Two order was entered. *Id.*

¶39 Second, the Phase Two order does not mandate retroactive application of the new Proxy/PDDRR methodology; it deems that methodology a “reasonable” one “for determining wind resource

Opinion of the Court

indicative prices *going forward*.” *Phase Two Order* at 18 (emphasis added). The same formulation is used as to discontinuation of the market proxy method—that method is discontinued “for determining indicative prices . . . *going forward*.” *Id.* (emphasis added). And, importantly, the new methodology is mandated only as to “*future requests* for indicative pricing.” *Id.* (emphasis added). This formulation is significant given that Ellis-Hall has not made a new request for indicative pricing. It already has indicative pricing and claims a right to use it in negotiating a power purchase agreement.

¶40 Because Ellis-Hall already had an indicative pricing proposal, it had no obligation under the Phase Two order to submit a new request. Nothing in the Phase Two order requires or even permits Rocky Mountain Power to issue a new indicative pricing proposal. And that seems understandable in light of the “practical realities of bringing a large wind [qualifying facility] project from inception to conclusion” noted in the Phase One order.

¶41 Third, Schedule 38 gives a would-be qualifying facility a right to receive “indicative” pricing and does so for the purpose of allowing the wind power developer “to make determinations regarding project planning, financing, and feasibility.” *Schedule 38* at I.B.3. An *indicative* pricing proposal is one that “show[s] the way to or the direction of” the pricing that Rocky Mountain Power ultimately has in mind for the power purchase agreement. AM. HERITAGE DICTIONARY 894 (5th ed. 2011) (defining *indicate* as “[t]o show the way to or the direction of”).⁵ Thus, the precise terms of Rocky Mountain Power’s indicative pricing could change as a result of “updated information” or “changes to [Rocky Mountain Power’s] avoided-cost calculations.” *Schedule 38* at I.B(4), I.B(6)(c). But to be *indicative*, the pricing proposal would have to “point[] out more or less exactly” the methodology of Rocky Mountain Power’s pricing proposal, or in other words would have to “reveal[]” it “fairly clearly.” WEBSTER’S THIRD NEW INT’L DICTIONARY 1150 (2002).⁶

⁵ The term “indicative pricing” is not defined in Schedule 38. Nor is there any indication that it has acquired an established meaning in the law or in the energy industry. So we construe the phrase as conveying its ordinary meaning. See *Barneck v. Utah Dep’t of Transp.*, 2015 UT 50, ¶ 28, 353 P.3d 140.

⁶ In light of the above we need not and do not reach the question whether Schedule 38 should be construed “strictly” against Rocky
(continued...)

Opinion of the Court

¶42 A prior pricing proposal ceases to be *indicative* if it is subject not just to an “update[]” or to new “calculations” but to a fundamental change in methodology. And if Rocky Mountain Power retains the right to alter the methodology underlying a prior indicative pricing proposal, the would-be qualifying facility is hardly in a position to use it “to make determinations regarding project planning, financing and feasibility.” *Schedule 38* at I.B.(3).

III

¶43 For these reasons we conclude that Ellis-Hall is not required to submit a request for new indicating pricing from Rocky Mountain Power. It is entitled to proceed in reliance on the methodology set forth in the indicative pricing proposal it received from Rocky Mountain Power.

¶44 That does not mean that Ellis-Hall has a right to require Rocky Mountain Power to enter into a power purchase agreement, or to require the Commission to approve such an agreement. Those questions are not properly presented for our review. And we accordingly decline to reach them.

¶45 Rocky Mountain Power has urged us to affirm on the basis of its purported right not to enter into a power purchase agreement with Ellis-Hall. Because it claims the discretion not to enter into a power purchase agreement, Rocky Mountain Power says that it can require Ellis-Hall to start over by submitting a new request for indicative pricing. And once that request is submitted, Rocky Mountain Power claims an unquestioned right to rely on the new Proxy/PDDRR methodology. With that in mind, Rocky Mountain Power asserts that Ellis-Hall’s position will fail in the long run even if it prevails on the issues presented for our review here.

¶46 These questions are not properly presented here, however. The question of Rocky Mountain Power’s discretion not to enter into a power purchase agreement—and of the effect on any such discretion on Ellis-Hall’s rights under the Commission’s orders—is simply unripe at this juncture. Rocky Mountain Power has not yet

Mountain Power, as Ellis-Hall urges. *See Josephson v. Mountain Bell*, 576 P.2d 850, 852 (Utah 1978) (calling for strict construction of tariff issued by telephone utility); *but see Jex v. Utah Labor Comm’n*, 2013 UT 40, ¶ 56, 306 P.3d 799 (repudiating substantive canon of construction of Workers Compensation Act; clarifying that liberal canon of construction was at most a “tie-breaker” after the court first seeks to yield a reasonable construction of the statutory text).

Opinion of the Court

sought to exercise such discretion and the Commission has yet to rule upon these issues. And for that reason our views on these issues would be premature and advisory.⁷

¶47 The same goes for an alternative ground for affirmance advanced by the Commission. The Commission says that a decision requiring Ellis-Hall and Rocky Mountain Power to proceed with negotiations on a now-outdated indicative pricing proposal will ultimately be thwarted by an inevitable decision by the Commission to decline to approve a power purchase agreement based on such methodology. To support that view, the Commission points to provisions of state and federal law that purportedly would foreclose the power purchase agreement that Ellis-Hall wishes to secure. *See* 16 U.S.C. § 824a-3 (mandating that rates charged for the purchase of energy not “exceed[] the incremental cost to the electric utility of alternative electric energy”). But again we view this issue as premature. The Commission has not as yet declined to approve a power purchase agreement sought by Ellis-Hall. And we accordingly are not in a position to offer an advisory opinion on a matter that is not yet ripe for our review.

¶48 For these reasons we are in no position to decide whether Ellis-Hall has an ultimate right to enter into a power purchase agreement with Rocky Mountain Power or to secure approval from the Commission. But we do conclude that it is entitled, for now, to rely on the indicative pricing proposal it was provided in the past, and it has no obligation to submit a request for new indicative pricing as it moves forward in negotiations over a power purchase

with Rocky Mountain Power.



I, the undersigned clerk of the Utah Supreme Court, do hereby certify that the foregoing is a true and correct copy of an original document on file in the Utah Supreme Court. In testimony whereof, I have set my hand and affixed the seal of the Court.


Andrea R. Martinez
Clerk of the Court

By 
Judicial Assistant

9/20/2016
Date

⁷ The point is not that Ellis-Hall has no stake in the outcome of this case. Our holding implies a duty for Rocky Mountain Power to move forward with further negotiations in good faith. *See Schedule 38 I.B.(6)(a)*. But the outcome of those negotiations is by no means guaranteed. Thus, our holding is that Ellis-Hall has won a short-term battle. It remains to be seen whether it will prevail in the larger war.

EXHIBIT 3



Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>

Follow-up: PPA

Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>
To: "Clements, Paul {Mkt Function}" <paul.clements@pacificorp.com>

Fri, May 31, 2013 at 10:53 AM

Dear Mr. Clements,

This follow-up email is regarding our telephone conversation of Tuesday, May 28, 2013 at 4:02 pm. Pursuant to the conversation, if the Ellis Hall Consultants, ("EHC") PPA Application was deficient in any way, required additional documentation or the like, you would email our office detailing what was needed or required the following morning, Wednesday, May 29, 2013. It appears our office has not received such an email, so I am concluding that no deficiency exists and/or nothing additional is required from EHC. Should this be incorrect, kindly notify our office via email communication.

As well, could you advise if you will be able to send the PPA by days end as agreed ?

Thank you in advance for your time and attention to these concerns.

Kind Regards,

Kimberly Ceruti, Executive Director
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EXHIBIT 5



Ellis-Hall Consultants

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April 5, 2013

Pacificorp

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Email: paul.clements@pacificorp.com

Telephone: 801-220-4470

Fax: 801-220-3116

Attn: Mr. Paul Clements, Senior Power Marketer in Commercial Trading (C&T Front)

RE: REQUEST FOR PROPOSED GENERIC POWER PURCHASE AGREEMENT

Dear Mr. Clements,

Pursuant to Section B: Procedures, Item #1 of the Rocky Mountain Power Electrical Service Schedule 38 Document, please send our office a copy of the Company's proposed generic Power Purchase Agreement.

Should you have any questions or require additional information, kindly contact me via email, at mail@ehc-usa.com.

Regards,

Mr. Anthony Hall

Chief Executive Officer and Senior Project Manager
Ellis-Hall Consultants, LLC

ah/rc

cc: Ms. Kimberly Ceruti



Ellis-Hall Consultants

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Fax: 801-220-3116

Attn: Mr. Paul Clements, Senior Power Marketer in Commercial Trading (C&T Front)

RE: QUALIFIED FACILITY (QF) APPLICATION

Dear Mr. Clements,

Please find enclosed the Qualified Facility (QF) Application for a proposed Large Generation Interconnection Facility with 79.2 megawatt (MW) hours of capacity that qualifies pursuant to the Public Utilities Regulatory Policy Act of 1978 (PURPA) [16USC17] as a "small power production facility".

The proposed Qualified Facility is located in San Juan County, near Monticello, Utah.

Should you have any questions or require additional information, kindly contact me via email, at mail@ehc-usa.com.

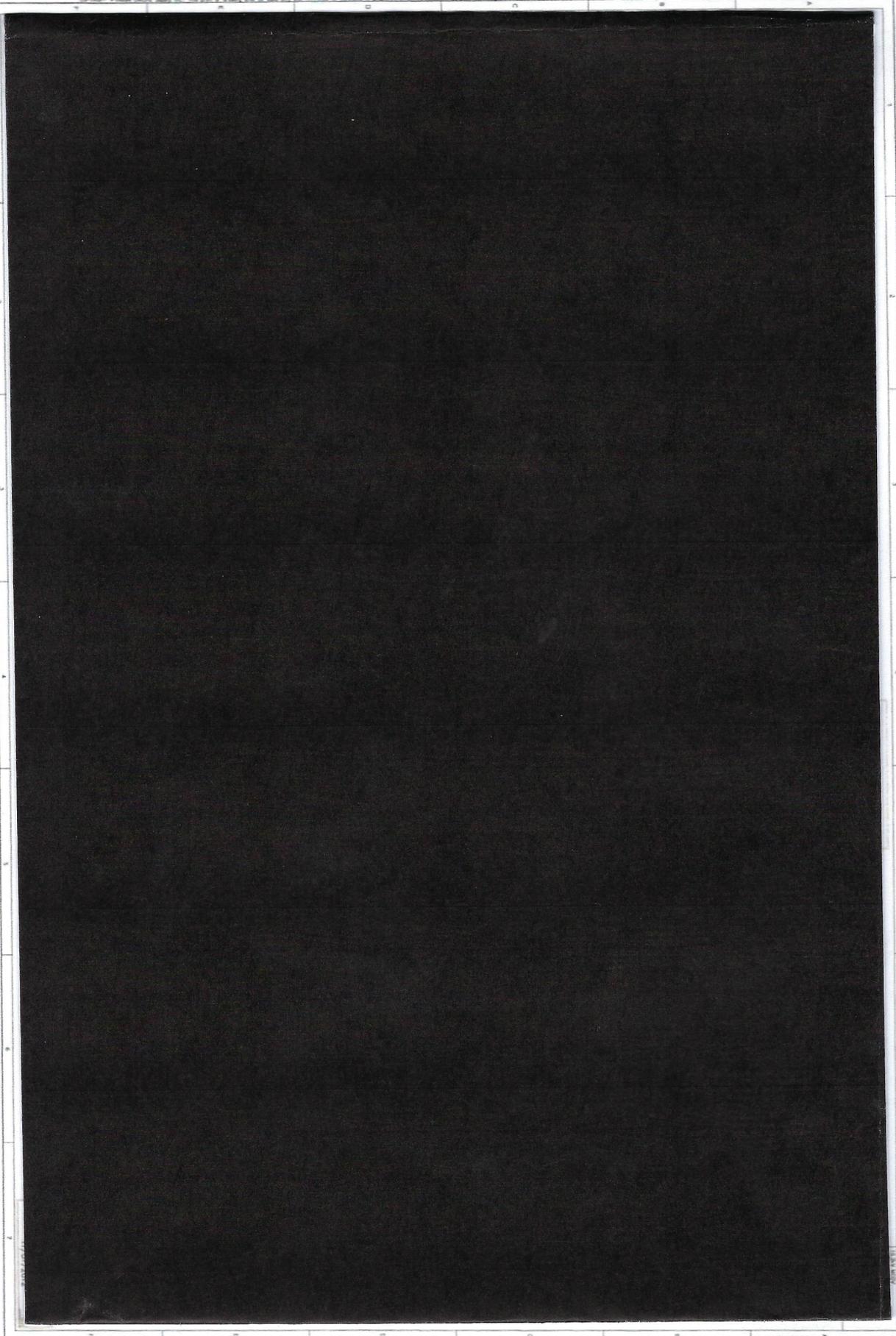
Regards,

Mr. Anthony Hall
Chief Executive Officer and Senior Project Manager
Ellis-Hall Consultants, LLC

ah/rc

cc: Rocky Mountain Power Manager – QF Contracts
Ms. Kimberly Ceruti

ALL RIGHTS RESERVED. NO PART OF THIS DRAWING IS TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT PERMISSION IN WRITING FROM ELECTRIC SUPPLY, INC.



ECO-POWER SUBSTATION MONTICELLO, UT ONE LINE DIAGRAM 38KV-34.5KV		PROTECTION & CONTROL PROJECT NO. _____ DATE: 07/26/2013 DES: W. R. EWMS DR: B. POKES SCALE: NONE		DESIGN INC. W. R. EWMS PROJECT INC. W. R. EWMS APPROVAL INC. W. R. EWMS		CODALE ELECTRIC SUPPLY, INC. 5225 WEST 2400 SOUTH SALT LAKE CITY, UT 84120 PHONE (877) 975-0440 FAX (801) 975-2876		NO. _____ DATE _____ REVISION DESCRIPTION _____ ENGINEER _____ DES. / DR. _____ CHECKED _____ APPROVED _____
REVISION # _____ 1207101L01	SHEET 1 OF 1							



Ellis-Hall Consultants

A Renewable Energy & Wind Regime Consulting Firm

4733 S. Hidden Woods Lane, Murray, Utah 84107-6764

Phone: 801-281-1414 Fax: 801-281-5501

Mail@ehc-usa.com

USPS FIRST CLASS MAIL DELIVERY
and HAND DELIVERY

April 5, 2013

Pacificorp

201 South Main Street

Salt Lake City, Utah 84111-2215

Email: paul.clements@pacificorp.com

Telephone: 801-220-4470

Fax: 801-220-3116

Attn: Mr. Paul Clements, Senior Power Marketer in Commercial Trading (C&T Front)

RE: STATEMENT OF ABILITY TO RESPOND TO DISPATCH ORDERS FROM COMPANY

Dear Mr. Clements,

I state to the best of my knowledge that the proposed facility meets or will meet all of the required communication standards and response times that may apply at the time of interconnection.

Should you have any questions or require additional information, kindly contact me via email, at mail@ehc-usa.com.

Regards,

Mr. Anthony Hall

Chief Executive Officer and Senior Project Manager

Ellis-Hall Consultants, LLC

ah/rc

cc: Ms. Kimberly Ceruti



Ellis-Hall Consultants

A Renewable Energy & Wind Regime Consulting Firm

4733 S. Hidden Woods Lane, Murray, Utah 84107-6764
Phone: 801-281-1414 Fax: 801-281-5501

Mail@ehc-usa.com

USPS FIRST CLASS MAIL DELIVERY
and HAND DELIVERY

April 5, 2013

Pacificorp
201 South Main Street
Salt Lake City, Utah 84111-2215
Email: paul.clements@pacificorp.com
Telephone: 801-220-4470
Fax: 801-220-3116

Attn: Mr. Paul Clements, Senior Power Marketer in Commercial Trading (C&T Front)

RE: CERTIFICATION OF DEVELOPER QF STATUS

Dear Mr. Clements,

I certify to the best of my knowledge that the proposed facility meets or will meet all of the applicable requirements of 18CFR 292.203(a) and 18CFR 292.204. The proposed facility is a Large Generation Interconnection Facility that qualifies pursuant to the Public Utilities Regulatory Policy Act of 1978 (PURPA) [16USC17] as a "small power production facility".

Should you have any questions or require additional information, kindly contact me via email, at mail@ehc-usa.com.

Regards,

Mr. Anthony Hall
Chief Executive Officer and Senior Project Manager
Ellis-Hall Consultants, LLC

ah/rc

cc: Ms. Kimberly Ceruti



Ellis-Hall Consultants

A Renewable Energy & Wind Regime Consulting Firm

4733 S. Hidden Woods Lane, Murray, Utah 84107-6764

Phone: 801-281-1414 Fax: 801-281-5501

Mail@ehc-usa.com

USPS FIRST CLASS MAIL DELIVERY
and HAND DELIVERY

April 5, 2013

Pacificorp
201 South Main Street
Salt Lake City, Utah 84111-2215
Email: paul.clements@pacificorp.com
Telephone: 801-220-4470
Fax: 801-220-3116

Attn: Mr. Paul Clements, Senior Power Marketer in Commercial Trading (C&T Front)

RE: DEVELOPER'S STATEMENT STATUS OF INTERCONNECTION AGREEMENTS

Dear Mr. Clements,

The proposed Facility is currently in the Large Generation Interconnection Que and continues to maintain an active que position. All requirements to date have been met.

Should you have any questions or require additional information, kindly contact me via email, at mail@ehc-usa.com.

Regards,

Mr. Anthony Hall
Chief Executive Officer and Senior Project Manager
Ellis-Hall Consultants, LLC

ah/rc

cc: Ms. Kimberly Ceruti

ELECTRIC SERVICE SCHEDULE NO. 38 – Continued

B. Procedures

3. The Company shall not be obligated to provide an indicative pricing proposal until all information described in Paragraph 2 has been received in writing from the QF owner. Within 30 days following receipt of all information required in Paragraph 2, the Company will provide the owner with an indicative pricing proposal, which may include other indicative terms and conditions, tailored to the individual characteristics of the proposed project. Such proposal may be used by the owner to make determinations regarding project planning, financing and feasibility. However, such prices are merely indicative and are not final and binding. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties and approved by the Commission. The Company will provide with the indicative prices a description of the methodology used to develop the prices.

April 5, 2013

Pacificorp
201 South Main Street
Salt Lake City, Utah 84111-2215

Attn: Commercial Trading

RE: LETTER OF AUTHORIZATION FOR WIND FARM DEVELOPMENT

Dear Sir or Madam,

I, Mrs. Corinne Nielson Roring, Trustee of the John Edward Roring and Corinne Nielson Roring Revocable Living Trust, individually and in the capacity of Trustee authorize Ellis-Hall Consultants, LLC to develop and construct a Wind Farm, inclusive of wind turbines and any other infra-structures on my farm property located approximately nine (9) miles north of Monticello, Utah in Southeastern Utah. The Parcel Numbers for my land are as follows:

Section 14	T32S R24E: S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$	(240 acres)	32S24E143600
Section 22	T32S R24E: S $\frac{1}{2}$	(320 acres)	32S24E225400
Section 23	T32S R24E: W $\frac{1}{2}$	(319.24 acres)	32S24E232400
Section 27	T32S R24E: N $\frac{1}{2}$, SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$	(520 acres)	32S24E270000
Section 28	T32S R24E: N $\frac{1}{2}$	(320 acres)	32S24E280000
Section 33	T32S R24E: E $\frac{1}{2}$	(320 acres)	32S24E330000
Section 34	T32S R24E: N $\frac{1}{2}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$	(440 acres)	32S24E340000

For your convenience, I have included the Tax Roll Master Records from the San Juan County Recorder's Office.

Should you require additional information or have any questions, please contact our contact person, the developer representative, Mr. Anthony Hall at 801-712-6226.

Thank you for your favorable consideration in this matter.

Yours,



Mrs. Corinne Nielson Roring
P.O. Box 56
Monticello, Utah 84535-0056

April 11, 2013

SAN JUAN COUNTY CORPORATION Tax Roll Master Record

1:38:36PM

Parcel: 32S24E143600	Entry: 115149
Name: RORING CORINNE NIELSON-TRUSTEE	
c/o Name:	Property Address:
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 240.00
Mortgage Co:	
Status: Active	Year: 2013 District: 002 MONTICELLO CEMETERY D. 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115149	01/30/2012	(0936/0229)
TRUST "A" CREATED 04/03/2004		115149	01/30/2012	(0936/0229)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	240.00	120,000	4,994	68.90	120,000	4,995	66.29
Totals:	240.00	120,000	4,994	68.90	120,000	4,995	66.29
Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed	
GZ2 Zone 001 SAN JUAN	101.50	500	50,750	2,639	OK	12/09/2011	
GZ3 Zone 001 SAN JUAN	138.50	500	69,250	2,355	OK	12/09/2011	
Greenbelt Totals	240.00		120,000	4,994			

**** SPECIAL NOTE ****
 Tax Rates for 2013 have NOT been set or approved.
 Any levied taxes or values shown on this printout for the year 2013 are subject to change!!

2013 Taxes:	68.90	2012 Taxes:	66.29
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	68.90	NO BACK TAXES!	

Legal Description
 SEC 14 T32S R24E: S1/2NW1/4, SW1/4 (240 AC.) 32S24E143600

History
 TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

April 11, 2013

1:38:59PM

Parcel: 32S24E225400	Entry: 115149
Name: RORING CORINNE NIELSON-TRUSTEE	
c/o Name:	Property Address:
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 320.00
Mortgage Co:	
Status: Active	Year: 2013 District: 002 MONTICELLO CEMETERY DI 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115149	01/30/2012	(0936/0229)
TRUST "A" CREATED 04/03/2004		115149	01/30/2012	(0936/0229)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	320.00	160,000	5,440	75.05	160,000	5,440	72.19
Totals:	320.00	160,000	5,440	75.05	160,000	5,440	72.19
Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed	
GZ3 Zone 001 SAN JUAN	320.00	500	160,000	5,440	OK	12/09/2011	
Greenbelt Totals	320.00		160,000	5,440			

<p>**** SPECIAL NOTE ****</p> <p>Tax Rates for 2013 have NOT been set or approved. Any levied taxes or values shown on this printout for the year 2013 are subject to change!!</p>	<p>2013 Taxes: 75.05</p> <p>Special Taxes: 0.00</p> <p>Penalty: 0.00</p> <p>Abatements: (0.00)</p> <p>Payments: (0.00)</p> <p>Amount Due: 75.05</p>	<p>2012 Taxes: 72.19</p>	<p>NO BACK TAXES!</p>
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Legal Description

SEC 22 T32S R24E: S½ (320 AC) 32S24E225400

History

TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

April 11, 2013

1:39:22PM

Parcel: 32S24E232400	Entry: 115149
Name: RORING CORINNE NIELSON-TRUSTEE	Property Address: <div style="border: 1px solid black; height: 40px; width: 100%;"></div>
c/o Name:	
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 319.24
Mortgage Co:	
Status: Active	Year: 2013 District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115149	01/30/2012	(0936/0229)
TRUST "A" CREATED 04/03/2004		115149	01/30/2012	(0936/0229)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	319.24	160,000	7,181	99.07	160,000	7,180	95.29
Totals:	319.24	160,000	7,181	99.07	160,000	7,180	95.29

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
DT4 Zone 001 SAN JUAN	59.60	500	29,800	1,132	OK	12/09/2011
GZ2 Zone 001 SAN JUAN	181.60	500	90,800	4,722	OK	12/09/2011
GZ3 Zone 001 SAN JUAN	78.04	505	39,400	1,327	OK	05/29/2012
Greenbelt Totals	319.24		160,000	7,181		

<p>**** SPECIAL NOTE **** Tax Rates for 2013 have NOT been set or approved. Any levied taxes or values shown on this printout for the year 2013 are subject to change!!</p>	<p>2013 Taxes: 99.07 Special Taxes: 0.00 Penalty: 0.00 Abatements: (0.00) Payments: (0.00) Amount Due: 99.07</p>	<p>2012 Taxes: 95.29</p> <p style="text-align: center; font-weight: bold;">NO BACK TAXES!</p>
--	--	---

Legal Description

SEC 23 T32S R24E: W½ (319.24 AC.) 32S24E232400

History

TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

April 11, 2013

SAN JUAN COUNTY CORPORATION Tax Roll Master Record

1:39:43PM

Parcel: 32S24E270000	Entry: 115148
Name: RORING CORINNE NIELSON-TRUSTEE	Property Address: _____
c/o Name:	Acres: 520.00
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	
Mortgage Co:	
Status: Active	Year: 2013 District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115148	01/30/2012	(0936/0227)
TRUST "B" CREATED 04/03/2004		115148	01/30/2012	(0936/0227)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	520.00	260,000	9,868	136.14	260,000	9,870	130.98
Totals:	520.00	260,000	9,868	136.14	260,000	9,870	130.98

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
DT4 Zone 001 SAN JUAN	508.10	500	254,050	9,654	OK	12/09/2011
GZ2 Zone 001 SAN JUAN	1.30	500	650	34	OK	12/09/2011
GZ3 Zone 001 SAN JUAN	10.60	500	5,300	180	OK	12/09/2011
Greenbelt Totals	520.00		260,000	9,868		

**** SPECIAL NOTE ****

Tax Rates for 2013 have NOT been set or approved.
Any levied taxes or values shown on this printout for the year 2013 are subject to change!!

2013 Taxes:	136.14	2012 Taxes:	130.98
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	136.14	NO BACK TAXES!	

Legal Description

SEC 27 T32S R24E: N¼, SE¼, SE¼SW¼ (520 AC) 32S24E270000

History

TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

April 11, 2013

SAN JUAN COUNTY CORPORATION Tax Roll Master Record

1:39:55PM

Parcel: 32S24E280000	Entry: 115148
Name: RORING CORINNE NIELSON-TRUSTEE	Property Address: <input type="text"/>
c/o Name:	
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 320.00
Mortgage Co:	
Status: Active	Year: 2013
	District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115148	01/30/2012	(0936/0227)
TRUST "B" CREATED 04/03/2004		115148	01/30/2012	(0936/0227)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
BA03 SHED	0.00	9,964	9,965	132.25	9,964	9,965	132.25
LG01 LAND GREENBELT	320.00	160,000	8,035	110.85	160,000	8,035	106.63
Totals:	320.00	169,964	18,000	243.10	169,964	18,000	238.88

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
GZ2 Zone 001 SAN JUAN	288.40	500	144,200	7,498	OK	12/09/2011
GZ3 Zone 001 SAN JUAN	31.60	500	15,800	537	OK	12/09/2011
Greenbelt Totals	320.00		160,000	8,035		

**** SPECIAL NOTE ****
 Tax Rates for 2013 have NOT been set or approved.
 Any levied taxes or values shown on this printout for the year 2013 are subject to change!!

2013 Taxes:	243.10	2012 Taxes:	238.88
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	243.10		

NO BACK TAXES!

Legal Description

SEC 28 T32S R24E: N½ (320 AC) 32S24E280000

History

TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

April 11, 2013

SAN JUAN COUNTY CORPORATION Tax Roll Master Record

1:40:17PM

Parcel: 32S24E330000	Entry: 115148
Name: RORING CORINNE NIELSON-TRUSTEE	Property Address: <input type="text"/>
c/o Name:	
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 320.00
Mortgage Co	
Status: Active	Year: 2013
	District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115148	01/30/2012	(0936/0227)
TRUST "B" CREATED 04/03/2004		115148	01/30/2012	(0936/0227)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	320.00	160,000	6,063	83.65	160,000	6,065	80.49
Totals	320.00	160,000	6,063	83.65	160,000	6,065	80.49

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
DT4 Zone 001 SAN JUAN	311.70	500	155,850	5,922	OK	12/09/2011
GZ3 Zone 001 SAN JUAN	8.30	500	4,150	141	OK	12/09/2011
Greenbelt Totals	320.00		160,000	6,063		

**** **SPECIAL NOTE** ****

Tax Rates for 2013 have NOT been set or approved.
Any levied taxes or values shown on this printout for the year 2013 are subject to change!!

2013 Taxes:	83.65	2012 Taxes:	80.49
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	83.65		

NO BACK TAXES!

Legal Description

SEC 33 T32S R24E: E½ (320 AC) 32S24E330000

History

TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

April 11, 2013

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

1:40:30PM

Parcel: 32S24E340000	Entry: 115148
Name: RORING CORINNE NIELSON-TRUSTEE	Property Address:
c/o Name:	
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 440.00
Mortgage Co	
Status: Active	Year: 2013
	District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115148	01/30/2012	(0936/0227)
TRUST "B" CREATED 04/03/2004		115148	01/30/2012	(0936/0227)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	440.00	220,000	8,491	117.14	220,000	8,490	112.67
Totals:	440.00	220,000	8,491	117.14	220,000	8,490	112.67

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
DT4 Zone 001 SAN JUAN	421.40	500	210,700	8,007	OK	12/09/2011
GZ2 Zone 001 SAN JUAN	18.60	500	9,300	484	OK	12/09/2011
Greenbelt Totals	440.00		220,000	8,491		

**** **SPECIAL NOTE** ****
 Tax Rates for 2013 have NOT been set or approved.
 Any levied taxes or values shown on this printout for the
 year 2013 are subject to change!!

2013 Taxes:	117.14	2012 Taxes:	112.67
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	117.14	NO BACK TAXES!	

Legal Description
 SEC 34 T32S R24E: N¼, N¼SW¼, SW¼SW¼ (440 AC) 32S24E340000

History
 TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

April 5, 2013

Pacificorp
201 South Main Street
Salt Lake City, Utah 84111-2215

Attn: Commercial Trading

RE: LETTER OF AUTHORIZATION FOR WIND FARM DEVELOPMENT

Dear Sir or Madam,

We, Mr. John F. Roring, Trustee of the Roring Family Trust and Mrs. Tamara B. Roring, Trustee of the Roring Family Trust individually and in our capacity of Trustees authorize Ellis-Hall Consultants, LLC to develop and construct a Wind Farm, inclusive of wind turbines and any other infra-structures on our farm property located approximately nine (9) miles north of Monticello, Utah in Southeastern Utah. The Parcel Numbers for our land are as follows:

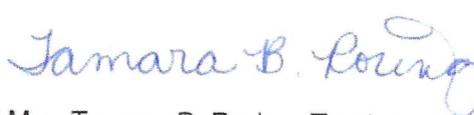
Section 15	T32S R24E: SE ¼	(160 acres)	32S24E157200
Section 22	T32S R24E: NE ¼	(160 acres)	32S24E220000

For your convenience, we are including the Tax Roll Master Records from the San Juan County Recorder's Office.

Should you require additional information or have any questions, please contact our contact person, the developer representative, Mr. Anthony Hall at 801-712-6226.

Thank you for your favorable consideration in this matter.

Yours,

Mr. John F. Roring, Trustee and Mrs. Tamara B. Roring, Trustee
971 West 520 North
Tremonton, Utah 84337-2414

April 11, 2013

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

1:36:26PM

Parcel: 32S24E157200	Entry: 057283
Name: RORING JOHN F-TRUSTEE	Property Address:
c/o Name: RORING TAMARA B-TRUSTEE	
Address 1: 971 W 520 N	
Address 2:	
City State Zip: TREMONTON UT 84337-2414	
Mortgage Co	Acres: 160.00
Status: Active	Year: 2013
	District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING JOHN F-TRUSTEE		057283	12/29/1998	(0774/1113
RORING TAMARA B-TRUSTEE		057283	12/29/1998	(0774/1113

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	160.00	60,000	2,720	37.53	60,000	2,720	36.10
Totals	160.00	60,000	2,720	37.53	60,000	2,720	36.10
Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed	
GZ3 Zone 001 SAN JUAN	160.00	375	60,000	2,720	OK	12/09/2011	
Greenbelt Totals	160.00		60,000	2,720			

**** SPECIAL NOTE ****
 Tax Rates for 2013 have NOT been set or approved.
 Any levied taxes or values shown on this printout for the
 year 2013 are subject to change!!

2013 Taxes:	37.53	2012 Taxes:	36.10
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due	37.53		

NO BACK TAXES!

Legal Description

SEC 15 T32S R24E: SE¼ (160 AC) 32S24E157200

April 11, 2013

SAN JUAN COUNTY CORPORATION Tax Roll Master Record

1:37:19PM

Parcel: 32S24E220000	Entry: 057284
Name: RORING JOHN F-TRUSTEE	
c/o Name: RORING TAMARA B-TRUSTEE	Property Address:
Address 1: 971 W 520 N	
Address 2:	
City State Zip: TREMONTON UT 84337-2414	Acres: 160.00
Mortgage Co	
Status: Active	Year: 2013
	District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING JOHN F-TRUSTEE		057284	12/29/1998	(0774/1114
RORING TAMARA B-TRUSTEE		057284	12/29/1998	(0774/1114

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	160.00	60,000	2,720	37.53	60,000	2,720	36.10
Totals	160.00	60,000	2,720	37.53	60,000	2,720	36.10
Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed	
GZ3 Zone 001 SAN JUAN	160.00	375	60,000	2,720	OK	12/09/2011	
Greenbelt Totals	160.00		60,000	2,720			

**** SPECIAL NOTE ****
 Tax Rates for 2013 have NOT been set or approved.
 Any levied taxes or values shown on this printout for the
 year 2013 are subject to change!!

2013 Taxes:	37.53	2012 Taxes:	36.10
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	37.53		

NO BACK TAXES!

Legal Description

SEC 22 T32S R24E: NE¼, (160 AC) 32S24E220000

April 5, 2013

Pacificorp
201 South Main Street
Salt Lake City, Utah 84111-2215

Attn: Commercial Trading

RE: LETTER OF AUTHORIZATION FOR WIND FARM DEVELOPMENT

Dear Sir or Madam,

I, Mr. Michael N. Roring, authorize Ellis-Hall Consultants, LLC to develop and construct a Wind Farm, inclusive of wind turbines and any other infra-structures on my farm property located approximately nine (9) miles north of Monticello, Utah in Southeastern Utah. The Parcel Numbers for my land are as follows:

Section 28 T32S R24E: SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ (280 acres) 32S24E285400
Section 27 T32S R24E: W $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ (120 acres) 32S24E275400

For your convenience, I have included the Tax Roll Master Records from the San Juan County Recorder's Office.

Should you require additional information or have any questions, please contact our contact person, the developer representative, Mr. Anthony Hall at 801-712-6226.

Thank you for your favorable consideration in this matter.

Yours,



Mr. Michael N. Roring
P.O. Box 56
Monticello, Utah 84535-0056

April 11, 2013

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

1:37:43PM

Parcel: 32S24E285400	Entry: 060450
Name: RORING MICHAEL	
c/o Name:	Property Address:
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 280.00
Mortgage Co	
Status: Active	Year: 2013 District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING MICHAEL		060450	01/03/2000	(0784/0192

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	280.00	140,000	5,301	73.13	140,000	5,300	70.34
LP01 LATE PENALTY	0.00	0	0	0.00	0	0	10.00
Totals:	280.00	140,000	5,301	73.13	140,000	5,300	80.34

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
DT4 Zone 001 SAN JUAN	270.70	500	135,350	5,143	OK	12/09/2011
GZ3 Zone 001 SAN JUAN	9.30	500	4,650	158	OK	12/09/2011
Greenbelt Totals	280.00		140,000	5,301		

**** **SPECIAL NOTE** ****
 Tax Rates for 2013 have NOT been set or approved.
 Any levied taxes or values shown on this printout for the
 year 2013 are subject to change!!

2013 Taxes:	73.13	2012 Taxes:	70.34
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	73.13		

NO BACK TAXES!

Legal Description
 SEC 28 T32S R24E: SE¼, N¼SW¼, SE¼SW¼ (280 AC) 32S24E285400

April 11, 2013

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

1:41:49PM

Parcel: 32S24E275400	Entry: 060450
Name: RORING MICHAEL	
c/o Name:	Property Address:
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 120.00
Mortgage Co:	
Status: Active	Year: 2013
	District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING MICHAEL		060450	01/03/2000	(0784/0192)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	120.00	60,000	2,262	31.21	60,000	2,260	29.99
LP01 LATE PENALTY	0.00	0	0	0.00	0	0	10.00
Totals:	120.00	60,000	2,262	31.21	60,000	2,260	39.99

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
DT4 Zone 001 SAN JUAN	111.00	500	55,500	2,109	OK	12/09/2011
GZ3 Zone 001 SAN JUAN	9.00	500	4,500	153	OK	12/09/2011
Greenbelt Totals	120.00		60,000	2,262		

**** **SPECIAL NOTE** ****
 Tax Rates for 2013 have NOT been set or approved.
 Any levied taxes or values shown on this printout for the
 year 2013 are subject to change!!

2013 Taxes:	31.21	2012 Taxes:	29.99
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	31.21		

NO BACK TAXES!

Legal Description
 SEC 27 T32S R24E W1/4SW1/4, NE1/4SW1/4 (120 AC.) 32S24E275400

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

April 11, 2013

1:38:36PM

Parcel: 32S24E143600	Entry: 115149
Name: RORING CORINNE NIELSON-TRUSTEE	
c/o Name:	Property Address:
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 240.00
Mortgage Co	
Status: Active	Year: 2013 District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115149	01/30/2012	(0936/0229)
TRUST "A" CREATED 04/03/2004		115149	01/30/2012	(0936/0229)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	240.00	120,000	4,994	68.90	120,000	4,995	66.29
Totals:	240.00	120,000	4,994	68.90	120,000	4,995	66.29

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
GZ2 Zone 001 SAN JUAN	101.50	500	50,750	2,639	OK	12/09/2011
GZ3 Zone 001 SAN JUAN	138.50	500	69,250	2,355	OK	12/09/2011
Greenbelt Totals	240.00		120,000	4,994		

<p>**** SPECIAL NOTE **** Tax Rates for 2013 have NOT been set or approved. Any levied taxes or values shown on this printout for the year 2013 are subject to change!!</p>	<p>2013 Taxes: 68.90 Special Taxes: 0.00 Penalty: 0.00 Abatements: (0.00) Payments: (0.00) Amount Due: 68.90</p>	<p>2012 Taxes: 66.29</p> <p style="text-align: center; font-weight: bold;">NO BACK TAXES!</p>
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Legal Description

SEC 14 T32S R24E: S½NW¼, SW¼ (240 AC.) 32S24E143600

History

TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

**SAN JUAN COUNTY CORPORATION
Tax Roll Master Record**

April 11, 2013

1:36:26PM

Parcel: 32S24E157200	Entry: 057283
Name: RORING JOHN F-TRUSTEE	
c/o Name: RORING TAMARA B-TRUSTEE	Property Address: _____
Address 1: 971 W 520 N	
Address 2:	
City State Zip: TREMONTON UT 84337-2414	Acres: 160.00
Mortgage Co	
Status: Active	Year: 2013 District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING JOHN F-TRUSTEE		057283	12/29/1998	(0774/1113
RORING TAMARA B-TRUSTEE		057283	12/29/1998	(0774/1113

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	160.00	60,000	2,720	37.53	60,000	2,720	36.10
Totals	160.00	60,000	2,720	37.53	60,000	2,720	36.10

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
GZ3 Zone 001 SAN JUAN	160.00	375	60,000	2,720	OK	12/09/2011
Greenbelt Totals	160.00		60,000	2,720		

**** **SPECIAL NOTE** ****

Tax Rates for 2013 have NOT been set or approved.
 Any levied taxes or values shown on this printout for the year 2013 are subject to change!!

2013 Taxes:	37.53	2012 Taxes:	36.10
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	37.53	NO BACK TAXES!	

Legal Description

SEC 15 T32S R24E: SE¼ (160 AC) 32S24E157200

April 11, 2013

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

1:37:19PM

Parcel: 32S24E220000	Entry: 057284
Name: RORING JOHN F-TRUSTEE	
c/o Name: RORING TAMARA B-TRUSTEE	Property Address:
Address 1: 971 W 520 N	
Address 2:	
City State Zip: TREMONTON UT 84337-2414	Acres: 160.00
Mortgage Co	
Status: Active	Year: 2013
	District: 002 MONTICELLO CEMETERY D: 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING JOHN F-TRUSTEE		057284	12/29/1998	(0774/1114
RORING TAMARA B-TRUSTEE		057284	12/29/1998	(0774/1114

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	160.00	60,000	2,720	37.53	60,000	2,720	36.10
Totals:	160.00	60,000	2,720	37.53	60,000	2,720	36.10

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
GZ3 Zone 001 SAN JUAN	160.00	375	60,000	2,720	OK	12/09/2011
Greenbelt Totals	160.00		60,000	2,720		

**** SPECIAL NOTE ****

Tax Rates for 2013 have NOT been set or approved.
 Any levied taxes or values shown on this printout for the
 year 2013 are subject to change!!

2013 Taxes:	37.53	2012 Taxes:	36.10
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	37.53	NO BACK TAXES!	

Legal Description

SEC 22 T32S R24E: NE¼, (160 AC) 32S24E220000

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

April 11, 2013

1:38:59PM

Parcel: 32S24E225400	Entry: 115149
Name: RORING CORINNE NIELSON-TRUSTEE	
c/o Name:	
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 320.00
Mortgage Co	
Status: Active	Year: 2013 District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115149	01/30/2012	(0936/0229)
TRUST "A" CREATED 04/03/2004		115149	01/30/2012	(0936/0229)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	320.00	160,000	5,440	75.05	160,000	5,440	72.19
Totals:	320.00	160,000	5,440	75.05	160,000	5,440	72.19

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
GZ3 Zone 001 SAN JUAN	320.00	500	160,000	5,440	OK	12/09/2011
Greenbelt Totals	320.00		160,000	5,440		

**** **SPECIAL NOTE** ****
 Tax Rates for 2013 have NOT been set or approved.
 Any levied taxes or values shown on this printout for the
 year 2013 are subject to change!!

2013 Taxes:	75.05	2012 Taxes:	72.19
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	75.05		

NO BACK TAXES!

Legal Description

SEC 22 T32S R24E: S½ (320 AC) 32S24E225400

History

TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

April 11, 2013

1:39:22PM

Parcel: 32S24E232400	Entry: 115149
Name: RORING CORINNE NIELSON-TRUSTEE	
c/o Name:	Property Address:
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 319.24
Mortgage Co:	
Status: Active	Year: 2013
	District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115149	01/30/2012	(0936/0229)
TRUST "A" CREATED 04/03/2004		115149	01/30/2012	(0936/0229)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	319.24	160,000	7,181	99.07	160,000	7,180	95.29
Totals:	319.24	160,000	7,181	99.07	160,000	7,180	95.29

Greenbelt Information		Acres	Price p/a	Market	Taxable	Status	Changed
DT4	Zone 001 SAN JUAN	59.60	500	29,800	1,132	OK	12/09/2011
GZ2	Zone 001 SAN JUAN	181.60	500	90,800	4,722	OK	12/09/2011
GZ3	Zone 001 SAN JUAN	78.04	505	39,400	1,327	OK	05/29/2012
Greenbelt Totals		319.24		160,000	7,181		

**** **SPECIAL NOTE** ****
 Tax Rates for 2013 have NOT been set or approved.
 Any levied taxes or values shown on this printout for the year 2013 are subject to change!!

2013 Taxes:	99.07	2012 Taxes:	95.29
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	99.07	NO BACK TAXES!	

Legal Description

SEC 23 T32S R24E: W½ (319.24 AC.) 32S24E232400

History

TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

March 16, 2012

SAN JUAN COUNTY CORPORATION Tax Roll Master Record

11:36:44AM

Parcel: 32S24E263000	Entry: 115148
Name: RORING CORINNE NIELSON-TRUSTEE	Property Address:
c/o Name:	
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 160.00
Mortgage Co:	
Status: Active	Year: 2012
	District: 002 MONTICELLO CEMETERY D 0.014060

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115148	01/30/2012	(0936/0227)
JOHN EDWARD RORING AND CORINNE R		115148	01/30/2012	(0936/0227)

Property Information	2012 Values & Taxes				2011 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	160.00	80,000	3,112	43.88	80,000	930	13.08
Totals:	160.00	80,000	3,112	43.88	80,000	930	13.08

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
DT4 Zone 001 SAN JUAN	147.10	500	73,550	2,795	OK	12/09/2011
GZ2 Zone 001 SAN JUAN	10.90	500	5,450	283	OK	12/09/2011
GZ3 Zone 001 SAN JUAN	2.00	500	1,000	34	OK	12/09/2011
Greenbelt Totals	160.00		80,000	3,112		

**** SPECIAL NOTE ****

Tax Rates for 2012 have NOT been set or approved. Any levied taxes or values shown on this printout for the year 2012 are subject to change!!

2012 Taxes:	43.88	2011 Taxes:	13.08
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	43.88	NO BACK TAXES	

NO BACK TAXES

SAN JUAN COUNTY TREASURER / DEPUTY

signature

Legal Description

SEC 26 T32S R24E: W½W½ (160 AC) 32S24E263000

History

TRUSTEE'S DEED 1/30/2012, 115148, 936/227.

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

April 11, 2013

1:39:43PM

Parcel: 32S24E270000	Entry: 115148
Name: RORING CORINNE NIELSON-TRUSTEE	
c/o Name:	Property Address:
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 520.00
Mortgage Co	
Status: Active	Year: 2013 District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115148	01/30/2012	(0936/0227)
TRUST "B" CREATED 04/03/2004		115148	01/30/2012	(0936/0227)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	520.00	260,000	9,868	136.14	260,000	9,870	130.98
Totals	520.00	260,000	9,868	136.14	260,000	9,870	130.98

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
DT4 Zone 001 SAN JUAN	508.10	500	254,050	9,654	OK	12/09/2011
GZ2 Zone 001 SAN JUAN	1.30	500	650	34	OK	12/09/2011
GZ3 Zone 001 SAN JUAN	10.60	500	5,300	180	OK	12/09/2011
Greenbelt Totals	520.00		260,000	9,868		

<p>**** SPECIAL NOTE **** Tax Rates for 2013 have NOT been set or approved. Any levied taxes or values shown on this printout for the year 2013 are subject to change!!</p>	<p>2013 Taxes: 136.14 Special Taxes: 0.00 Penalty: 0.00 Abatements: (0.00) Payments: (0.00) Amount Due: 136.14</p>	<p>2012 Taxes: 130.98</p> <p style="text-align: center;">NO BACK TAXES!</p>
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Legal Description

SEC 27 T32S R24E: N¼, SE¼, SE¼SW¼ (520 AC) 32S24E270000

History

TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

April 11, 2013

1:41:49PM

Parcel: 32S24E275400	Entry: 060450
Name: RORING MICHAEL	
c/o Name:	Property Address: <div style="border: 1px solid black; height: 40px; width: 100%;"></div>
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 120.00
Mortgage Co:	
Status: Active	Year: 2013 District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING MICHAEL		060450	01/03/2000	(0784/0192)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	120.00	60,000	2,262	31.21	60,000	2,260	29.99
LP01 LATE PENALTY	0.00	0	0	0.00	0	0	10.00
Totals:	120.00	60,000	2,262	31.21	60,000	2,260	39.99
Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed	
DT4 Zone 001 SAN JUAN	111.00	500	55,500	2,109	OK	12/09/2011	
GZ3 Zone 001 SAN JUAN	9.00	500	4,500	153	OK	12/09/2011	
Greenbelt Totals	120.00		60,000	2,262			

<p>**** SPECIAL NOTE **** Tax Rates for 2013 have NOT been set or approved. Any levied taxes or values shown on this printout for the year 2013 are subject to change!!</p>	<p>2013 Taxes: 31.21 Special Taxes: 0.00 Penalty: 0.00 Abatements: (0.00) Payments: (0.00) Amount Due: 31.21</p>	<p>2012 Taxes: 29.99</p> <p style="text-align: center; font-weight: bold; font-size: 1.2em;">NO BACK TAXES!</p>
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Legal Description

SEC 27 T32S R24E: W1/4SW1/4, NE1/4SW1/4 (120 AC.) 32S24E275400

April 11, 2013

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

1:39:55PM

Parcel: 32S24E280000	Entry: 115148
Name: RORING CORINNE NIELSON-TRUSTEE	Property Address:
c/o Name:	
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 320.00
Mortgage Co:	
Status: Active	Year: 2013 District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115148	01/30/2012	(0936/0227)
TRUST "B" CREATED 04/03/2004		115148	01/30/2012	(0936/0227)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
BA03 SHED	0.00	9,964	9,965	132.25	9,964	9,965	132.25
LG01 LAND GREENBELT	320.00	160,000	8,035	110.85	160,000	8,035	106.63
Totals:	320.00	169,964	18,000	243.10	169,964	18,000	238.88

Greenbelt Information			Acres	Price p/a	Market	Taxable	Status	Changed
GZ2	Zone 001	SAN JUAN	288.40	500	144,200	7,498	OK	12/09/2011
GZ3	Zone 001	SAN JUAN	31.60	500	15,800	537	OK	12/09/2011
Greenbelt Totals			320.00		160,000	8,035		

**** SPECIAL NOTE ****
 Tax Rates for 2013 have NOT been set or approved.
 Any levied taxes or values shown on this printout for the year 2013 are subject to change!!

2013 Taxes:	243.10	2012 Taxes:	238.88
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	243.10	NO BACK TAXES!	

Legal Description
 SEC 28 T32S R24E: N½ (320 AC) 32S24E280000

History
 TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

April 11, 2013

SAN JUAN COUNTY CORPORATION Tax Roll Master Record

1:37:43PM

Parcel: 32S24E285400	Entry: 060450
Name: RORING MICHAEL	
c/o Name:	Property Address:
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 280.00
Mortgage Co:	
Status: Active	Year: 2013 District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING MICHAEL		060450	01/03/2000	(0784/0192)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	280.00	140,000	5,301	73.13	140,000	5,300	70.34
LP01 LATE PENALTY	0.00	0	0	0.00	0	0	10.00
Totals:	280.00	140,000	5,301	73.13	140,000	5,300	80.34

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
DT4 Zone 001 SAN JUAN	270.70	500	135,350	5,143	OK	12/09/2011
GZ3 Zone 001 SAN JUAN	9.30	500	4,650	158	OK	12/09/2011
Greenbelt Totals	280.00		140,000	5,301		

<p>**** SPECIAL NOTE **** Tax Rates for 2013 have NOT been set or approved. Any levied taxes or values shown on this printout for the year 2013 are subject to change!!</p>	<p>2013 Taxes: 73.13 Special Taxes: 0.00 Penalty: 0.00 Abatements: (0.00) Payments: (0.00) Amount Due: 73.13</p>	<p>2012 Taxes: 70.34</p> <p style="text-align: center;">NO BACK TAXES!</p>
--	---	---

Legal Description

SEC 28 T32S R24E: SE¼, N¼SW¼, SE¼SW¼ (280 AC) 32S24E285400

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

April 11, 2013

1:40:17PM

Parcel: 32S24E330000	Entry: 115148
Name: RORING CORINNE NIELSON-TRUSTEE	Property Address:
c/o Name:	
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 320.00
Mortgage Co:	
Status: Active	Year: 2013
	District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115148	01/30/2012	(0936/0227)
TRUST "B" CREATED 04/03/2004		115148	01/30/2012	(0936/0227)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	320.00	160,000	6,063	83.65	160,000	6,065	80.49
Totals:	320.00	160,000	6,063	83.65	160,000	6,065	80.49

Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed
DT4 Zone 001 SAN JUAN	311.70	500	155,850	5,922	OK	12/09/2011
GZ3 Zone 001 SAN JUAN	8.30	500	4,150	141	OK	12/09/2011
Greenbelt Totals	320.00		160,000	6,063		

**** **SPECIAL NOTE** ****
 Tax Rates for 2013 have NOT been set or approved.
 Any levied taxes or values shown on this printout for the
 year 2013 are subject to change!!

2013 Taxes:	83.65	2012 Taxes:	80.49
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	83.65		

NO BACK TAXES!

Legal Description

SEC 33 T32S R24E: E½ (320 AC) 32S24E330000

History

TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

SAN JUAN COUNTY CORPORATION
Tax Roll Master Record

April 11, 2013

1:40:30PM

Parcel: 32S24E340000	Entry: 115148
Name: RORING CORINNE NIELSON-TRUSTEE	
c/o Name:	
Address 1: PO BOX 56	
Address 2:	
City State Zip: MONTICELLO UT 84535-0056	Acres: 440.00
Mortgage Co	
Status: Active	Year: 2013 District: 002 MONTICELLO CEMETERY D 0.013796

Owners	Interest	Entry	Date of Filing	Comment
RORING CORINNE NIELSON-TRUSTEE		115148	01/30/2012	(0936/0227)
TRUST "B" CREATED 04/03/2004		115148	01/30/2012	(0936/0227)

Property Information	2013 Values & Taxes				2012 Values & Taxes		
	Units/Acres	Market	Taxable	Taxes	Market	Taxable	Taxes
LG01 LAND GREENBELT	440.00	220,000	8,491	117.14	220,000	8,490	112.67
Totals	440.00	220,000	8,491	117.14	220,000	8,490	112.67
Greenbelt Information	Acres	Price p/a	Market	Taxable	Status	Changed	
DT4 Zone 001 SAN JUAN	421.40	500	210,700	8,007	OK	12/09/2011	
GZ2 Zone 001 SAN JUAN	18.60	500	9,300	484	OK	12/09/2011	
Greenbelt Totals	440.00		220,000	8,491			

****** SPECIAL NOTE ******
Tax Rates for 2013 have NOT been set or approved.
Any levied taxes or values shown on this printout for the year 2013 are subject to change!!

2013 Taxes:	117.14	2012 Taxes:	112.67
Special Taxes:	0.00		
Penalty:	0.00		
Abatements: (	0.00)		
Payments: (	0.00)		
Amount Due:	117.14	NO BACK TAXES!	

Legal Description

SEC 34 T32S R24E: N½, N½SW¼, SW¼SW¼ (440 AC) 32S24E340000

History

TRUSTEE'S DEED FROM CORINNE NIELSON RORING -TRUSTEE, 1/30/2012, 936/227.

EXHIBIT 6

[Print](#)[Close](#)

Fwd: Follow-up: PPA

From: **Kimberly Ceruti** (kimberly.ceruti@ehc-usa.com)
Sent: 04 June 2013 03:44:15
To: tony hall (Tonyhall2004@hotmail.com)
1 attachment
PacifiCorp PPA DRAFT - Utah Wind QF 5-30-2013.doc (908.3 KB)

----- Forwarded message -----

From: **Clements, Paul {Mkt Function}** <Paul.Clements@pacificorp.com>
Date: Mon, Jun 3, 2013 at 8:58 AM
Subject: RE: Follow-up: PPA
To: Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>

Kimberly,

In response to your written request for a generic PPA and our follow-up conversation in which you requested a PPA pursuant to Utah Schedule 38, attached is a draft Utah wind QF PPA for your review. The documentation you submitted with your pricing request was of sufficient detail that we did not require additional information in order to provide a draft PPA under Schedule 38.

Consistent with Utah Schedule 38, PacifiCorp requests that you prepare written comments and proposals relative to the draft PPA for PacifiCorp to consider. Pursuant to Schedule 38, PacifiCorp will review those written comments and proposals and will then set a time for a meeting to further negotiate the PPA. Please feel free to contact me if you want to discuss this matter further.

Thanks,

Paul

From: Kimberly Ceruti [mailto:kimberly.ceruti@ehc-usa.com]
Sent: Friday, May 31, 2013 10:54 AM
To: Clements, Paul {Mkt Function}
Subject: Follow-up: PPA

Dear Mr. Clements,

This follow-up email is regarding our telephone conversation of Tuesday, May 28, 2013 at 4:02 pm. Pursuant to the conversation, if the Ellis Hall Consultants, ("EHC") PPA Application was deficient in any way, required additional documentation or the like, you would email our office detailing what was needed or required the following morning, Wednesday, May 29, 2013. It appears our office has not received such an email, so I am concluding that no deficiency exists and/or nothing additional is required from EHC. Should this be incorrect, kindly notify our office via email communication.

As well, could you advise if you will be able to send the PPA by days end as agreed ?

Thank you in advance for your time and attention to these concerns.

Kind Regards,

Kimberly Ceruti, Executive Director
Ellis-Hall Consultants
A Renewable Energy & Wind Regime Consulting Firm
4733 S. Hiddenwoods Lane, Murray, Utah 84107-6764
P.O. Box 572098, Murray, Utah 84157-2098
Phone: 801-281-1414 Fax: 801-281-5501
kimberly.ceruti@ehc-usa.com

The Recipient is hereby expressly notified that any and all Information contained in this electronic message cannot be used without the Sender's expressed written authorization.

This electronic message is Confidential Information intended only for the intended receipt(s). Inadvertent dissemination of this message should not be construed as a Waiver of Confidentiality. If you are not the intended recipient, you are hereby notified that any dissemination, distribution, discussions, reproduction or copying of this electronic message is Strictly Prohibited. If you have received this electronic message in error, immediately notify Sender by telephone and immediately delete this message from your computer.

--

Kimberly Ceruti, Executive Director

Ellis-Hall Consultants

A Renewable Energy & Wind Regime Consulting Firm

4733 S. Hiddenwoods Lane, Murray, Utah 84107-6764

P.O. Box 572098, Murray, Utah 84157-2098

Phone: 801-281-1414 Fax: 801-281-5501

kimberly.ceruti@ehc-usa.com

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EXHIBIT 7

From: tony hall <tonyhall2004@hotmail.com>
Sent: Tuesday, June 25, 2013 5:10 PM
To: Clements, Paul (Mkt Function}
Subject: Ellis-Hall PPA (Monticello)

Dear Paul,

further to my telephone call this afternoon I am in receipt of what appears to be a generic draft PPA from 2011. What I had expected from you was a full PPA for this project for proof reading and signature if agreement could be reached.

Given that we have supplied all the requested information many weeks ago I fail to see why this document was forwarded.

I look forward to a site specific PPA.

Regards,
Tony Hall

EXHIBIT 8

[Print](#)

[Close](#)

Monticello PPA

From: **tony hall** (tonyhall2004@hotmail.com)

Sent: 05 November 2013 14:34:50

To: paul.clements@pacificorp.com (paul.clements@pacificorp.com)

Morning Paul,

Contrary to our conversation, I now believe an appeal has been filed. I am advised this is normal in this situation.

However I wish to proceed on the basis of our conversations and move forward with the PPA to a point where the pricing as proposed in the original offer is the final issue to be agreed and confirmed by the due process.

With Regards,

Tony

EXHIBIT 10



Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>

Good Faith PPA Negotiations

5 messages

Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>
To: Bruce Griswold <Bruce.Griswold@pacificorp.com>

Mon, Nov 5, 2012 at 5:15 PM

Dear Bruce,

In anticipation of Good Faith PPA Negotiations with your office, what are the required documents for PPA execution?

Thanks,

Kimberly Ceruti, Executive Director

Ellis-Hall Consultants

A Renewable Energy & Wind Regime Consulting Firm

4733 S. Hiddenwoods Lane, Murray, Utah 84107-6764

P.O. Box 572098, Murray, Utah 84157-2098

Phone: 801-281-1414 Fax: 801-281-5501

kimberly.ceruti@ehc-usa.com

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This electronic message is Confidential Information intended only for the intended receipt(s). Inadvertent dissemination of this message should not be construed as a Waiver of Confidentiality. If you are not the intended recipient, you are hereby notified that any dissemination, distribution, discussions, reproduction or copying of this electronic message is Strictly Prohibited. If you have received this electronic message in error, immediately notify Sender by telephone and immediately delete this message from your computer.

Griswold, Bruce {Mkt Function} <Bruce.Griswold@pacificorp.com>

Mon, Nov 5, 2012 at 6:34 PM

To: Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>

Cc: "Cannon, Douglas" <Douglas.Cannon@pacificorp.com>

Kimberly

First I want to apologize if I offended you with my tone in our discussions. I was in the middle of a scramble to meet a deadline so I was short. Second, I want to be sure after re-reading this email that you are talking about documents for PPAs that are QFs or projects that are seeking a PPA as a result of a request for proposal. They are different. Our RFP PPA is actually posted on the PacificCorp website as an attachment to the RFP document. We don't have a current renewable RFP open but the old ones are archived on the website. I believe there is a list of required documents in the PPA attachment.

For QFs in UT over 3MW, I have attached Schedule 38 which is the QF schedule used to put in a request for indicative pricing for the QF project. The process is multi-stepped as you can see reading the Schedule 38 process. First you will submit a request for pricing per B.2 items a-j. We will discuss the request with you and once we have agreement of the information and any data we would need to model your project, we complete a modeling of your project and return pricing within 30 days. If you find the pricing acceptable, you can request the preparation of a PPA which will require, at a minimum, the information and

documents listed in B.4. Once that information is provided, the company will provide you with a draft PPA incorporating the pricing and terms and conditions based on documentation provided. It is at that point the two parties will establish a schedule for turn of documents, meetings, calls, etc. to work toward finalizing the draft PPA into an executable document. The list of documents noted in Schedule 38 are general, a good starting point for required documents but may be more expansive for certain types of resources, ownership structures of a project, or projects in certain physical locations. That is why I am unable to provide you a detailed list for your PPA until we receive your specific request. I think Schedule 38 has the information you need.

In regards to the PPA relating specifically to REDCO, as I mentioned, if you have specific questions on that PPA, please call Doug Cannon, our counsel, at [801-220-4565](tel:801-220-4565). He is based in SLC and can answer questions as he is able. As a general rule, I do not speak about other parties PPA negotiations or contents of their PPA because we consider those topics between the specific QF and the company. In addition, because of the litigation around that PPA, I am unable to discuss it with you. I have copied him on this email so that you can contact him with any further questions on that topic.

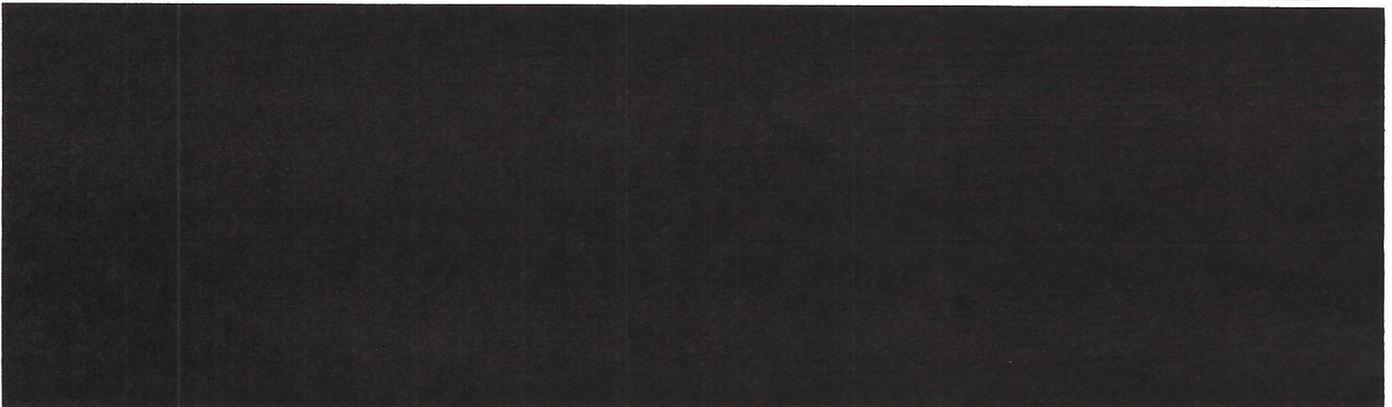
If you have further questions specific to submitting a Schedule 38 indicative pricing request, please submit them and I will attempt to address them in a reasonable response time.

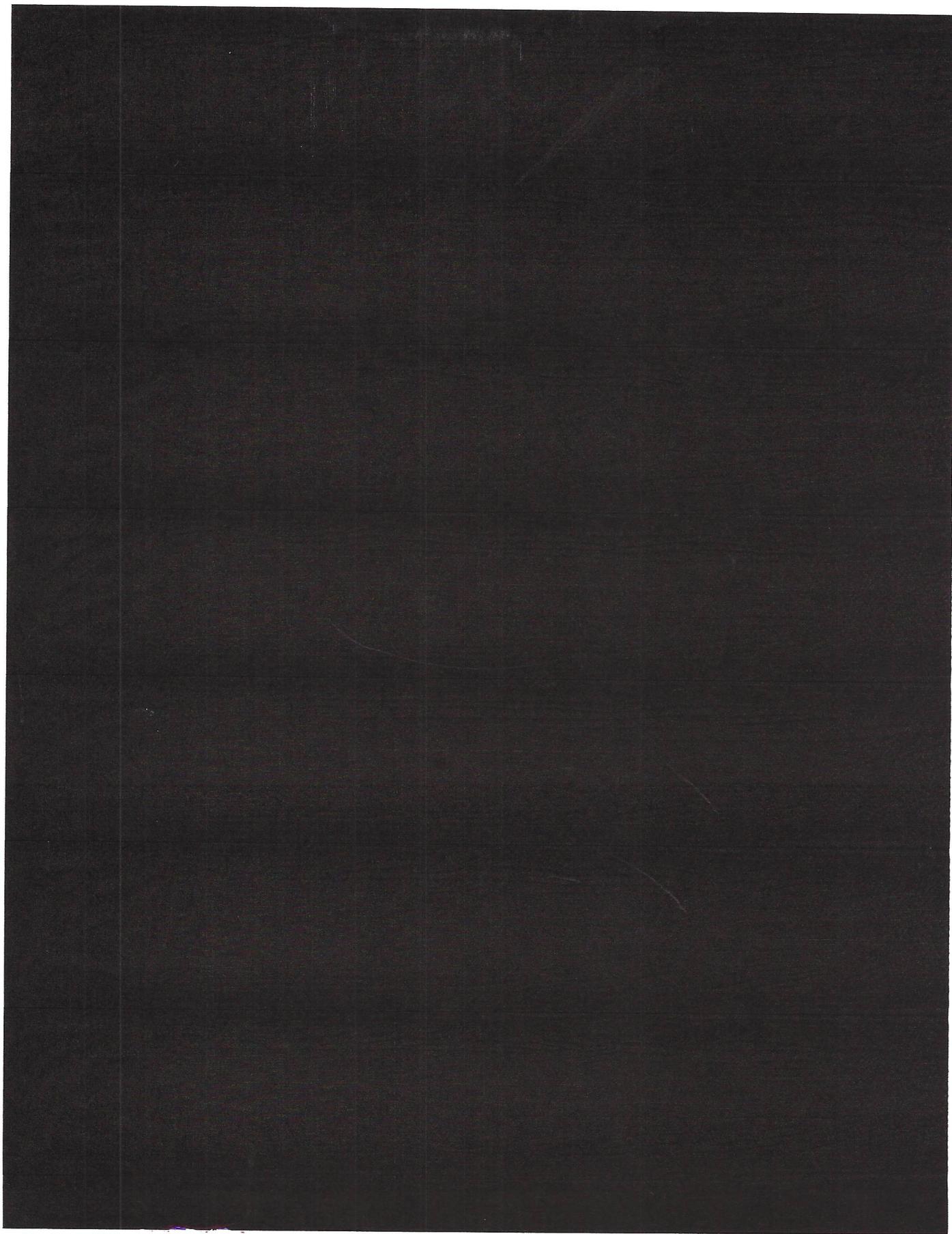
Bruce Griswold
PacifiCorp C&T
[503-813-5218](tel:503-813-5218) Office
[503-702-1445](tel:503-702-1445) Cell
[503-813-6260](tel:503-813-6260) Fax

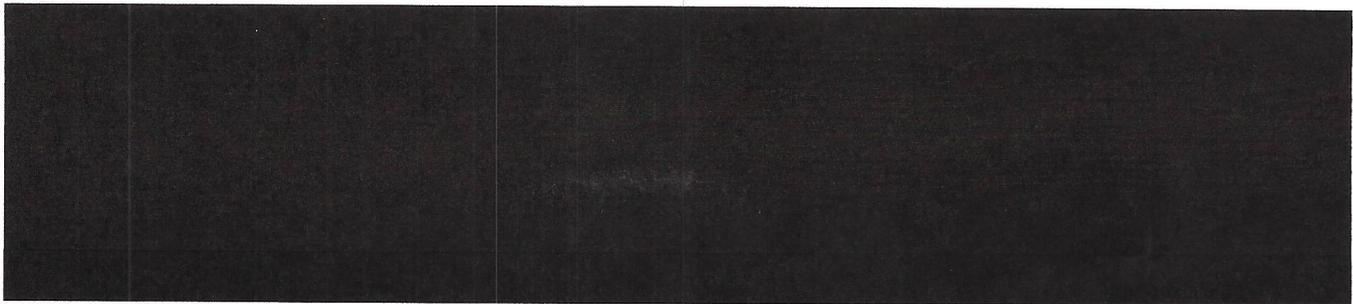
From: Kimberly Ceruti [mailto:kimberly.ceruti@ehc-usa.com]
Sent: Monday, November 05, 2012 4:15 PM
To: Griswold, Bruce {Mkt Function}
Subject: Good Faith PPA Negotiations

[Quoted text hidden]

 **Qualifying_Facility_Procedures.pdf**
451K







ROCKY MOUNTAIN POWER
ELECTRIC SERVICE SCHEDULE NO. 38

STATE OF UTAH

Qualifying Facility Procedures

AVAILABILITY: To owners of Qualifying Facilities (QFs) in all territory served by the Company in the state of Utah.

APPLICATION: To owners of existing or proposed QFs with a design capacity greater than 1,000 kW for a Cogeneration Facility or greater than 3,000 kW for a Small Power Production facility who desire to make sales to the Company. Such owners will be required to enter into written power purchase and interconnection agreements with the Company pursuant to the procedures set forth below. Additional or different requirements may apply to Utah QFs seeking to make sales to third-parties, or out-of-system QFs seeking to wheel power to Utah for sale to the Company.

I. Process For Negotiating Power Purchase Agreements

A. Communications

Unless otherwise directed by the Company, all communications to the Company regarding QF power purchase agreements should be directed in writing as follows:

Rocky Mountain Power
Manager - QF Contracts
825 NE Multnomah St, Suite 600
Portland, Oregon 97232

The Company will respond to all such communications in a timely manner. If the Company is unable to respond on the basis of incomplete or missing information from the QF owner, the Company shall indicate what additional information is required. Thereafter, the Company will respond in a timely manner following receipt of all required information.

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

B. Procedures

1. The Company's proposed generic power purchase agreement may be obtained from the Company's website at www.pacificorp.com, or if the owner is unable to obtain it from the website, the Company will send a copy within seven days of a written request."
2. To obtain an indicative pricing proposal with respect to a proposed project, the owner must provide in writing to the Company, general project information reasonably required for the development of indicative pricing, including, but not limited to:
 - a) generation technology and other related technology applicable to the site
 - b) design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system
 - c) quantity and timing of monthly power deliveries (including project ability to respond to dispatch orders from the Company)
 - d) proposed site location and electrical interconnection point
 - e) proposed on-line date and outstanding permitting requirements
 - f) demonstration of ability to obtain QF status
 - g) fuel type (s) and source (s)
 - h) plans for fuel and transportation agreements
 - i) proposed contract term and pricing provisions (i.e., fixed, escalating, indexed)
 - j) status of interconnection arrangements
3. The Company shall not be obligated to provide an indicative pricing proposal until all information described in Paragraph 2 has been received in writing from the QF owner. Within 30 days following receipt of all information required in Paragraph 2, the Company will provide the owner with an indicative pricing proposal, which may

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

B. Procedures (continued)

include other indicative terms and conditions, tailored to the individual characteristics of the proposed project. Such proposal may be used by the owner to make determinations regarding project planning, financing and feasibility. However, such prices are merely indicative and are not final and binding. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties and approved by the Commission. The Company will provide with the indicative prices a description of the methodology used to develop the prices.

4. If the owner desires to proceed forward with the project after reviewing the Company's indicative proposal, it may request in writing that the Company prepare a draft power purchase agreement to serve as the basis for negotiations between the parties. In connection with such request, the owner must provide the Company with any additional project information that the Company reasonably determines to be necessary for the preparation of a draft power purchase agreement, which may include, but shall not be limited to:
- a) updated information of the categories described in Paragraph B.2,
 - b) evidence of adequate control of proposed site
 - c) identification of, and timelines for obtaining any necessary governmental permits, approvals or authorizations

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

B. Procedures (continued)

- d) assurance of fuel supply or motive force
 - e) anticipated timelines for completion of key project milestones
 - f) evidence that any necessary interconnection studies have been completed and assurance that the necessary interconnection arrangements are being made in accordance with Part II.
5. The company shall not be obligated to provide the owner with a draft power purchase agreement until all information required pursuant to Paragraph 4 has been received by the Company in writing. Within 30 days following receipt of all information required pursuant to paragraph 4, the Company shall provide the owner with a draft power purchase agreement containing a comprehensive set of proposed terms and conditions, including a specific pricing proposal for purchases from the project. Such draft shall serve as the basis for subsequent negotiations between the parties and, unless clearly indicated, shall not be construed as a binding proposal by the Company
6. After reviewing the draft power purchase agreement, the owner may prepare an initial set of written comments and proposals regarding the draft power purchase agreement and forward such comments and proposals to the Company. The Company shall not be obligated to commence negotiations with a QF owner until The Company has received an initial set of written comments and proposals from the QF owner. Following the Company's receipt of such comments and proposals, the owner may contact the Company to schedule contract negotiations at such times and places as are mutually agreeable to the parties. In connection with such negotiations, the Company:
- a) will not unreasonably delay negotiations and will respond in good faith to any additions, deletions or modifications to the draft power purchase agreement that are proposed by the owner

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

B. Procedures (continued)

- b) may request to visit the site of the proposed project if such a visit has not previously occurred
 - c) will update its pricing proposals at appropriate intervals to accommodate any changes to the Company's avoided-cost calculations, the proposed project or proposed terms of the draft power purchase agreement
 - d) may request any additional information from the owner necessary to finalize the terms of the power purchase agreement and satisfy the Company's due diligence with respect to the Project.
7. When both parties are in full agreement as to all terms and conditions of the draft power purchase agreement, the Company will prepare and forward to the owner a final, executable version of the agreement. The Company reserves the right to condition execution of the power purchase agreement upon simultaneous execution of an interconnection agreement between the owner and the Company's power delivery function, as discussed in Part II. Prices and other terms and conditions in the power purchase agreement will not be final and binding until the power purchase agreement has been executed by both parties and approved by the Commission.

II. Process for Negotiating Interconnection Agreements

In addition to negotiating a power purchase agreement, QFs intending to make sales to the Company are also required to enter into an interconnection agreement that governs the physical interconnection of the project to the Company's transmission or distribution system. The Company's obligation to make purchases from a QF is conditioned upon all necessary interconnection arrangements being consummated.

It is recommended that the owner initiate its request for interconnection as early in the planning process as possible, to ensure that necessary interconnection arrangements proceed in a timely manner on a parallel track with negotiation of the power purchase agreement.

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

II. Process for Negotiating Interconnection Agreements (continued)

Because of functional separation requirements mandated by the Federal Energy Regulatory Commission, interconnection and power purchase agreements are handled by different functions within the Company. Interconnection agreements (both transmission and distribution level voltages) are handled by the Company's power delivery function.

A. Communications

Initial communications regarding interconnection agreements should be directed to the Company in writing as follows:

Rocky Mountain Power
Manager-QF Contracts
825 NE Multnomah St, Suite 600
Portland, Oregon 97232

Based on the project size and other characteristics, the Company will direct the QF owner to the appropriate individual within the Company's power delivery function that will be responsible for negotiating the interconnection agreement with the QF owner. Thereafter, the QF owner should direct all communications regarding interconnection agreements to the designated individual, with a copy of any written communications to the address set forth above.

B. Procedures

Generally, the interconnection process involves (1) initiating a request for interconnection, (2) completion of studies to determine the system impacts associated with the interconnection and the design, cost, and schedules for constructing any necessary interconnection facilities, (3) execution of an Interconnection Facilities Agreement to address facility construction, testing and acceptance and (4) execution of an Interconnection Operation and Maintenance Agreement to address ownership and operation and maintenance issues.

Consistent with PURPA, the owner is responsible for all interconnection costs assessed by the Company on a nondiscriminatory basis.

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

II. B. Procedures (continued)

For interconnections impacting the Company's Transmission System, the Company will process the interconnection application through PacifiCorp Transmission Services following the procedures for studying the generation interconnection described in the Company's Open Access Transmission Tariff, PacifiCorp FERC Electric Tariff, Fifth Revised Volume No. 11 Pro Forma Open Access Transmission Tariff (OATT) on file with the Federal Regulatory Commission. A copy of the OATT is available on-line at <http://www.oasis.pacificorp.com>.

For interconnections impacting the Company's Distribution System only, the Company will process the interconnection application through the Manager of QF Contracts at the address shown in Section II.A.

EXHIBIT 11

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Agreement") is entered into and effective as of February 22, 2012, by and Ellis-Hall Consultants, LLC, a Utah limited liability company ("Assignee") and Sustainable Power Group, LLC, a Delaware limited liability company ("Assignor").

WHEREAS, Assignor is the owner of certain renewable energy lease option agreements, as more fully described in Exhibit A (the "Leases"), for property located in San Juan County, Utah; and

WHEREAS, the Leases were originally executed by Renewable Energy Development Corporation ("REDCO") with the landowners listed in Exhibit A; and

WHEREAS, REDCO filed a petition for protection under Chapter 7 of the U.S. Bankruptcy Code on December 30, 2011 and the Leases were sold to Assignor pursuant to an Asset Purchase Agreement between Assignor and the REDCO Trustee as of January 31, 2012 (the "Bankruptcy Sale"); and

WHEREAS, Assignor desires to transfer the Leases to Assignee for the consideration set forth herein,

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and the parties intending to be legally bound hereby, Assignor and Assignee agree as follows:

1. For the sum of [REDACTED] Assignor hereby transfers, assigns and delivers to Assignee all of Assignor's right, title and interest in, to an under the Leases.
2. Assignee shall hold all of Assignor's right, title, and interest in each of the Assigned Agreements and assumes all liabilities, obligations, commitment and responsibilities of Assignor accruing and arising from and after the execution of this Agreement.
3. Assignor further transfers and assigns to Assignee, all of Assignor's right, title and interest in, to an under the Assumed Obligations. Assignee is not assuming and shall not have any obligations of Assignor with respect to any liability not specifically included within the definition of Assumed Obligations.
4. From time to time, at Assignee's or Assignor's request, whether on or after the date hereof and without further consideration, Assignor or Assignee, as applicable, shall execute and deliver to the other, or cause to be executed and delivered to the other, such further instruments of assignment, conveyance, and transfer as may be reasonably necessary to assign, convey and transfer the aforementioned contracts, permits, liabilities and obligations.

3-26-12

5. Assignee shall provide notice of this Agreement to each of the counterparties of the Leases in the form attached hereto as Exhibit B.

6. Assignee shall receive the Leases "as-is." Assignor represents and warrants that it is the rightful owner of the Leases pursuant to the Bankruptcy Sale and that it has all power and authority to enter into this Agreement.

7. The construction and performance of this Agreement shall be governed by the laws of the State of Utah without regard to its conflicts or choice of law provisions.

8. This Agreement shall be binding upon, and inure to the benefit of, Assignor and Assignee and their respective successors and assigns. Nothing contained in this Agreement, express or implied, is intended to confer to any person other than the parties hereto or their respective successors and assigns, any rights, remedies, obligations or liabilities of any kind whatsoever under or by reason of this Agreement.

9. This Agreement may be executed in one or more counterparts, by facsimile signature or an email of a PDF signature, each of which shall be deemed an original, but all of which together shall be one and the same instrument.

10. None of the provisions of this Agreement may be waived, changed or altered except in a signed writing by Assignor and Assignee.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered effective as of the date first written above.

Assignor:

Sustainable Power Group, LLC

By: 

Its: General Counsel

Assignee:

Ellis-Hall Consultants, LLC

By: 

Its: MAWSON

EXHIBIT A

Leases

	Lessor Name	Lessor Address
# 1-	Adams, Joseph John	PO Box 951108, South Jordan, Utah 84095
# 2-	Mossbuck, LLC	PO Box 951108, South Jordan, Utah 84095
	Roring, Corinne	PO Box 56, Monticello, Utah 84535
# 3	John F. Roring Family Trust	971 West 520 North, Tremonton, Utah 84337
# 4	Roring, Michael N.	952 East 1400 South, Orem, Utah 84097
# 5	Halls, Franklin Eric & Kim	PO Box 428, Monticello, Utah 84535
# 6	Corinne & Nelson Roring trustee for John Edward Roring	PO Box 56, Monticello, Utah 84535

Handwritten initials and signature:
JL
SM

EXHIBIT B
Form of Notice

[Lessor Name]

Re: Assignment of Renewable Energy Lease Option Agreement

Dear [Lessor]:

This letter is to serve as notice to you that your Renewable Energy Lease Option Agreement with Renewable Energy Development Corporation ("REDCO") has been transferred and assigned to Ellis-Hall Consultants, LLC, located at _____ . Should you have any questions, please contact _____ at [insert phone number].

Sincerely,

EXHIBIT 12



A Renewable Energy & Wind Regime Consulting Firm

4733 S. Hiddenwoods Lane, Murray, Utah 84107-6764
Phone: 801-281-1414 Fax: 801-281-5501

c usa ..

UNITED STATES POSTAL SERVICE
via FIRST CLASS MAIL DELIVERY

March 19, 2012

Mr. Nathan Ortega
1033 Northeast 6th Street
Portland, Oregon 97232-2017

Att n: M r. Nathan Ortega, Director, Transmission Services

RE: GRID CONNECTION APPLICATION

De ar Mr. Ortega ,

Please find enclosed a check payable to PacifiCorp in the amount of ten-thousand US dollars (\$10,000.00) for the Applicable Deposit Fee for our application for Grid Connection at the Carbide Substation near Monticello, Utah. In conjunction we have enclosed the duly completed Appendix One to Interconnection Request for A Large Generating Facility [Appendix].

The turbine of choice for this project is the Gamesa G-97 . Enclosed are the general technical specifications for this turbine, and the more specific electrical information required for the grid connection.

With reference to Items #5 (a)(b)(c) of the Appendix, the site is located northeast of Monticello, in the County of San Juan County, east and west of the Highway #191 (see enclosed map). The Project will consist of between seventy (70) and one-hundred (100) 2Mw G-97 Gamesa turbines (dependent upon the available grid capacity).

With reference to Item #5 (d), we believe we are dependent on the completion of the modification of the Carbide Substation, our proposed commercial operational date is proposed as October 2014.

With reference to Item #5(e), the name of the company making the request is Ellis -Hall Consultants, LLC, (a *Utah limited liability company*), whose address is: 4733 Hiddenwoods Lane, Murray, Utah 84107-6764, and the office telephone number is 801-281-1414 with a fax number of 801-281-5501 and an email contact as mail@ehc.usa.com.

RECEIVED
3-26-12

Ellis-Hall Consultants

A Renewable Energy & Wind Regime Consulting Firm

4733 S. Hiddenwoods Lane, Murray, Utah 84107-6764

Phone: 801-281-1414 Fax: 801-281-5501

mail@ehc-usa.com

With reference to Item#S(f) the location of the proposed interconnection point is the Carbide Substation, Highway 191, Monticello, Utah with a connection to the 138 Kv Power Line.

If you have any questions, concerns, or just plain would like to know more about wind farm development or other renewable energy concerns, feel free to contact our Murray Office.

Thank you for your time and attention. I look forward to meeting you and working with you with this wonderfully exciting wind farm project.

Sincerely,



Mr. Anthony Hall

Senior Project Manager

Chief Executive Officer

Ellis-Hall Consultants, LLC

Tony.Hall@ehc-usa.com

Tonyhall2010@hotmail.co.uk

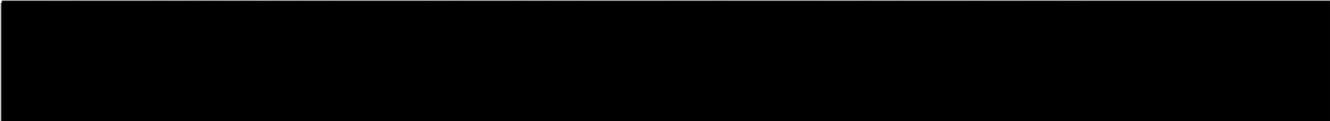
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cc: B. Johnson, Esq.

MAR 28 2012

**APPENDIX 1 to LGIP
INTERCONNECTION REQUEST FOR A
LARGE GENERATING FACILITY**

1. The Jnd signed Inlerco nection Customer s bm ts his request to in crconnect its arge Genera ing Facility wi h Transmission P ovid 's Tr nsmission Sys em pursuant o a Tarif .



4. _____ Check here only if Intercon. nec ion Customer requesting Network Resource I erconnection Service also seeks to have it Genera ing Fac licy s udied for Energy Resource :nterconnection Service.

5. Interconec ion Clstomer provides .he following i formation:

a. Address or location or the proposed n w Large Generating Facil'ty site (to the exten known) ot, in he case of an existing Genera ing Facill y, the name and specific location of the existil Genera ing fac"licy;



c. General description of the equipment configu ation;

d. Commercial Opera ion Date (Day, Month, and Year);

Name, address, t:elephone number, and e-mal.l address of Interconne Lion Cus omer's contact person;

f. Approximate location of the proposed Point of In erconec on (op onal); an

g. _n erconnect on Customer Da_ (set :o in A achmen A)

3-26-12

6. Applicable deposit amount as specified in the LGIP.



8. This Interconnection Request shall be submitted to the representative indicated below:

Transmission Provider:

(For a Overnight Deliveries)

Pacific Corp: 1033 NE 6:1 Ave
Portland, OR 97232
Attention: Director, Transmission Services
Telephone Number: (503) 813-6077

(or All other USE Mail)

Pacific Corp: P.O. Box 2757
Portland, OR 97208-2757

Reference of Interconnection Customer to contact:

(To completed by Interconnection Customer)

9. This Interconnection Request is submitted by:

Name of Interconnection Customer: IC, u., -, -, - ALL CONSULTANT ILL.

By (signature): [Signature]
Name (type or print): "1 1", M.J. title"1"

Title: SENIOR PROJECT MANAGER.

Date: 23rd MARCH 2012

RENEWABLE ENERGY
LEASE OPTION AGREEMENT

THIS RENEWABLE ENERGY LEASE OPTION AGREEMENT (the "**Agreement**") is made as of July ;19_, 2010 (the "**Effective Date**") by and between Michael N. Raring ("**Owner**") and Renewable Energy Development Corporation, a Utah corporation ("**REDCO**"). Owner and REDCO are sometimes individually referred to as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, Owner owns certain real property in San Juan County, Utah, more particularly described on Exhibit A-1 attached hereto and made a part hereof (the "**Property**");

WHEREAS, REDCO develops and operates renewable energy projects to provide clean and sustainable electrical energy;

WHEREAS, REDCO has identified the Property as a potentially suitable site on which to build a renewable energy project that would include, among other things, generation equipment (wind turbines, Renewable Energy arrays, solar panels, or other similar technologies), generators, transformers, access roads, monitoring equipment, transmission and communications lines, and other facilities necessary for the operation of one or more clean, renewable energy projects (collectively, the "**Renewable Energy Facility**"); and

WHEREAS, REDCO desires to acquire the right to lease the Property for the purpose of developing the Renewable Energy Facility thereon, and Owner desires to grant such option to REDCO, all on the terms set forth herein.

NOW THEREFORE, in consideration of the mutual benefits of the covenants and agreements herein contained, Owner and REDCO hereby agree as follows:

AGREEMENT:

1. **Recitals.** The Recitals set forth above are hereby expressly incorporated into and made a part of this Agreement.
2. **Project.** This Agreement relates to the Renewable Energy Facility, which may be wholly or partially located on the Property. Upon REDCO's exercise of the Option (as defined below), the project shall be based on the lease terms as set forth below.
3. **Exclusive Option.** Owner hereby irrevocably grants, bargains, sells and conveys to REDCO the exclusive right and option (the "**Option**") to lease and obtain the easements on the Property (or such portion thereof that may be designated by REDCO) in accordance with the lease ("Lease") terms and conditions set forth below. During the Option Term, as defined below, and other than the Option granted herein, Owner shall

grant no other option or right in the Property with respect to the Renewable Energy Facilities on the Property or any rights related thereto.

- 3.1 **Option Term.** The initial period during which REDCO may exercise the Option shall be for a term of three (3) years, commencing on the Effective Date and expiring on the date immediately preceding the third (3rd) anniversary of the Effective Date ("**Option Term**"). REDCO shall have the right to extend the Option Term for up to five additional twelve (12) month periods (each an "**Extended Option Term**") by written notice to Owner at any time prior to the third (3rd) anniversary of the Effective Date, or at any time prior to the termination of an Extended Option Term, which notice is accompanied by the Option Extension Payment (as defined in Section 3.2). References herein to the Option Term shall mean the initial three (3) year period and, to the extent exercised by REDCO, also the Extended Option Term, unless the context otherwise expressly requires.
- 3.2 **Consideration for Option.** This Option Agreement is granted in consideration for a payment by REDCO to Owner (the "**Option Payment**") the amount of \$1,000. The Option Payment will be paid within thirty (30) days of execution of this Agreement. In the event that REDCO elects an Extended Option Term, REDCO will pay to the Owner an Option Extension Payment in the amount of; (i) \$2.50 per acre for the first, second and third years of Extended Option Term; and (ii) \$3.00 per acre for the fourth and fifth years of Extended Option Term, payable within thirty (30) days after written notice by REDCO that it has exercised its rights to an extended option term.
- 3.3 **Right to Grant Option.** Owner warrants and represents to REDCO that (i) the statements in Section 9, below, concerning Owner's title to the Property are true and correct; (ii) Owner has the authority to grant this Option to REDCO without the consent or approval of any other party; and (iii) there are no other existing options, rights of first refusal, contracts to purchase, leases or mortgages that would prevent REDCO from exercising its rights with respect to the Option.
- 3.4 **Condition to Exercise.** Prior to exercising the Option Notice (as such term is hereinafter defined), REDCO shall deliver to Owner a proposed plan of development (the "Development Plan") demonstrating the contemplated locations and routes of the Improvements (as defined in Section 8, below) which shall serve the Renewable Energy Facility. If Owner has a concern with the location of any Improvements on the Development Plan, it shall notify REDCO within ten (10) days of receiving the Development Plan. REDCO and Owner shall meet to resolve any issues with the location of the Improvements within twenty (20) days of Owner's receipt of the Development Plan. If Owner and REDCO are unable to resolve the issues, then REDCO agrees that it shall not exercise the Option with respect to the improvements that remain in dispute. Owner and REDCO may elect to move forward with the Improvements upon which the Parties agree.
- 3.5 **Exercise Notice.** REDCO may exercise the Option by giving written notice to Owner ("**Option Notice**") at any time during the Option Term or at any time during an Extended

Option Term. REDCO shall specify in the Option Notice the Commencement Date referenced in Section 6.1.1, which shall be a day that is the first day of a month and a day that is not sooner than thirty (30) days and not later than sixty (60) days after the date the Option Notice is given to Owner. On the Commencement Date, the Leases and Easements referenced in Sections 4 and 5 shall automatically become effective, and REDCO and Owner shall be subject to all of the terms and conditions of this Agreement with respect to such Leases and all rights and obligations relating thereto.

3.6 **Use of Property.** During the Option Term, REDCO and its employees, agents and contractors shall have a non-exclusive right to enter upon the Property and the right of ingress and egress on and across the Property for the purposes of (i) surveying the Property; (ii) performing such other tests and studies as REDCO may desire in connection with the Option, including, without limitation, environmental, avian and cultural resource assessments, and geotechnical, foundation and soil tests; provided that such activities do not unreasonably interfere with Owner's use of the Property; and (iii) installing, maintaining, operating, inspecting and removing one or more wind or Renewable Energy monitoring devices and all associated activities, and including the performance of all tests and studies associated therewith. REDCO shall submit the proposed location of any Measuring Equipment on the Property prior to the installation and Owner shall approve or disapprove of such location within five (5) days of REDCO's submittal. If Owner fails to approve or disapprove of such location within such time period, then the location of the Renewable Energy Measuring equipment shall be deemed approved. Owner shall not permit any other individual or entity except REDCO or its affiliates to install any Renewable Energy measuring equipment on the Property or other items that may interfere with the Renewable Energy measuring equipment.

3.7 **Termination of the Option.** If REDCO fails to exercise the Option within the Option Term, the option and the rights of REDCO as the Optionee shall automatically terminate. Upon request and without additional consideration, REDCO agrees to execute a Notice of Termination of Renewable Energy Lease Option Agreement, if REDCO fails to exercise the option.

4. **Leases.** Upon the exercise of the Option by REDCO, Owner grants to REDCO, and REDCO then accepts from Owner, for the Term referenced in Section 6.1, the following leases over and across the Property in accordance with the terms and conditions of this Agreement. The following leases are for the benefit of REDCO and REDCO's agents, contractors and employees and located on the Property and are collectively referred to as the "Leases."

4.1 **Construction Access Right.**

4.1.1 Owner grants REDCO access rights for purposes of constructing, maintaining, repairing, replacing, and removing all or any part or component of the Improvements whether located on or off Property. This construction access is referred to as the "**Construction Access Right**", and the property subject to the burden of this Construction Access Right

is referred to as the "**Construction Access Property.**" REDCO may exercise its right to use all or any part of the Construction Access Property as and when REDCO deems it necessary or advisable to do so to perform the activities for which this Construction Access Right is granted. After each use of the Construction Access Right, REDCO to the extent reasonably possible shall restore the Construction Access Property to the condition it was in before REDCO's use.

4.1.2 When installing, maintaining or removing the Renewable Energy collector and turbine equipment, whether located on or off of Property, this Construction Access Right also shall permit REDCO to: 1) (for the purpose of securing equipment) travel on foot or in a pickup truck, SUV, small forklift or other similar vehicles onto Property up to seven hundred {700} feet in any direction from the center of the Construction Access Right; and (2) drive an erection crane on Property. REDCO shall be permitted to maintain a 120-foot by 40-foot crane pad at each Turbine location on the Property for purposes of constructing and maintaining the Renewable Energy generating system.

4.2 Access Right.

4.2.1 Owner grants REDCO the right for unobstructed vehicular and pedestrian ingress to and egress from the Improvements across Owner's Property, whether the Improvements are located on or off the Property. This right of access is referred to as the "**Access Right**" and the property subject to the burden of this access right is referred to as the "**Access Right Property.**" REDCO shall have the right to travel over, across and along the Access Easement Property by means of existing roads and lanes, and by roads REDCO or Owner may construct or improve from time to time on, over, and across the Access Right Property.

4.2.2 Owner reserves the right to use all roads on the Access Right Property provided, however, that Owner shall not and shall not permit others to obstruct or damage the roads or in any other way interfere with REDCO's rights under this Access Right. If all or a part of the Access Right Property constitutes a part of the width of a larger access easement straddling a property line between Property and the abutting property of another owner, the Owner and REDCO grant the owner of the abutting property an easement over such portion of the Access Right Property for ingress and egress to the abutting property for the conduct of farming activities on the abutting property.

4.3 **Renewable Energy Site Lease.** Owner grants REDCO a lease to construct, operate, replace, relocate, remove, and maintain a Renewable Energy Facility, together with associated roads and parking areas on Property. This grant is referred to as the "**Renewable Energy Facility Site Lease**" and each Renewable Energy Site so leased is referred to as a "**Renewable Energy Facility Site Property.**" Such Renewable Energy Facility Site Property must be located at a distance of at least 1,400 feet from habitable dwellings.

- 4.4 **Renewable Energy Collection Facility Lease.** Owner grants REDCO a lease for the construction, operation, maintenance, replacement, relocation or removal of Collection Facilities on and under the Property. This grant is referred to as the "**Renewable Energy Collection Facility Lease**" and the property so leased is referred to as the "**Renewable Energy Collection Facility Property.**" Collection Facilities located on the surface of the Collection Facilities Property shall be limited to above ground collection lines and junction boxes, if any; all other Collection Facilities shall be buried at least forty-eight (48) inches beneath the surface of the Collection Facilities Property.
- 4.5 **Overhang Right.** Owner grants REDCO the right and privilege to permit the Renewable Energy Facility Equipment located on adjacent properties to overhang a portion of the Property ("Overhang Property") by no more than ..IQ_ feet at a height of at least _20_ feet above the ground ("Overhang Right"). Owner shall not interfere with the operation of Renewable Energy Facility Equipment that overhangs the Overhang Property.
- 4.6 **Renewable Energy Measuring Equipment Site Lease.** Owner grants REDCO a lease to construct, operate, replace, relocate, remove, and maintain Renewable Energy Measuring Equipment and Collection Facilities on Property. This grant is referred to as the "**Renewable Energy Measuring Equipment Site Lease**" and each site so leased is referred to as a "**Renewable Energy Measuring Equipment Site Property.**"
- 4.7 **Location Of Leases.** The locations and routes of the Improvements (as such term is defined in Section 8) for which the Leases are being granted cannot be determined until the completion of REDCO's inspection, testing, study and surveying of the Property during the Option Term. Along with the Option Notice, REDCO shall deliver to Owner a proposed plan of development showing the contemplated locations and routes of the Improvements, which shall serve as the **Exhibit 8** to this Agreement. Prior to installing any Improvements on the Property, REDCO must receive from Owner duly signed and dated **Exhibit "8"** (such approval by Owner to be granted in the spirit of fair dealing and not to be arbitrarily or unreasonably withheld). REDCO shall coordinate the location of the Improvements with Owner to minimize any disruption or inconvenience to Owner and the uses of the Property reserved to Owner in Section 11.4. During the final development and construction of the Renewable Energy Facility, such locations and routes may need to be amended and approved in writing by Owner (such approval by Owner to be granted in the spirit of fair dealing and not to be arbitrarily or unreasonably withheld). Following construction of the Renewable Energy Facility, REDCO shall provide Owner an "as-built" survey of all Improvements on Property, which shall serve as **Exhibit C** to this Agreement. Further, following construction, the Improvements may need to be relocated or rerouted by REDCO, at any time during the Term of this Agreement, so long as the nature and extent of any such relocated or rerouted Leases are not materially different and impose no greater burden on the Property than the original locations routes, and so long as (i) REDCO takes appropriate actions to minimize any disruption or inconvenience to Owner and the uses of the Property reserved to Owner in Section 11.4 and (ii) Owner's written approval has been received (such

approval by Owner to be granted in the spirit of fair dealing and not to be arbitrarily or unreasonably withheld).

5. **Easements.** Upon the exercise of the Option by REDCO, Owner grants to REDCO, and REDCO accepts from Owner, for the Term referenced in Section 6.1, the following easements over and across the Property in accordance with the terms and conditions of this Agreement. The following easements are for the benefit of REDCO and REDCO's agents, contractors, and employees and located on the Property and are collectively referred to as the "Easements."

5.1 Energy Sources Non-Obstruction Easement.

- 5.1.1 Owner grants REDCO an irrevocable, exclusive easement for the right and privilege to use, maintain and capture the free and unobstructed solar radiance and wind Energy Sources over and across the Property ("**Energy Sources Non-Obstruction Easement**"). The following legal descriptions shall be set forth in **Exhibit A-2** of this Agreement: (a) a description of the Energy Sources Non-Obstruction Easement property subject to this Agreement; (b) a description of the Energy Sources Non-Obstruction Easement in vertical and horizontal angles; and (c) a description of real property benefiting from the Energy Sources Non-Obstruction Easement. Owner shall not engage in any activity on the Property that might interfere with Energy Sources over any Renewable Energy Collection or Renewable Energy Measuring Equipment Easement Properties, whether located on or off the Property; cause a decrease in the output or efficiency of any Wind Generator, Thermal Collector or accuracy of any Renewable Energy Measurement Equipment; or otherwise interfere with REDCO's operation of the Renewable Energy Collection Facility or exercise of any rights or the Leases granted in this Agreement ("**Interference**"). Owner reserves the right to erect structures on the Property in compliance with all applicable laws and ordinances except as specifically limited in this Agreement. Owner must consult with and obtain REDCO's prior written approval as to the location of all structures greater than forty (40) feet in height and located on thousand (1000) feet or less from any Renewable Energy Collection or Renewable Energy Measuring Equipment. Approval shall be based on whether, in REDCO's sole judgment, informed by appropriate professional engineering and Renewable Energy measurement experts' opinions, the proposed structures at the proposed location are likely to cause Interference.
 - 5.1.2 This grant of easement of the Energy Sources Non-Obstruction Easement expressly includes the right of REDCO to enter on any part of the Property to enforce REDCO's rights, including the physical removal of trees or structures (except existing trees and structures) causing Interference to the project contemplated by REDCO. REDCO shall consult with Owner before making any such removals.
- 5.2 **Noise Easement.** Owner grants REDCO an irrevocable, non-exclusive easement for the right and privilege to generate and maintain audible noise levels in excess of fifty (50)dbA on and above the Noise Easement Property at any or all times of the day or

night ("**Noise Easement**"). The "**Noise Easement Property**" shall mean the Property except those portions within a 200-foot radius circle (or lesser distance with Owner's prior written consent) centered on the inside of each presently existing, occupied residence on the Property. The following legal descriptions shall be set forth in **Exhibit A-3** of this Agreement: (a) a description of the Noise Easement Property; and (b) a description of real property benefiting from the Noise Easement. If noise levels emanating from the Wind Generators, Turbines, or Collection Facilities exceed fifty (50) dbA without the Owner's written consent as measured within 200 feet (or lesser agreed distance) from the inside of a presently existing residence on the Property by an independent professional applying commonly accepted measurement instruments and standards, REDCO shall reduce the noise level to 50 dbA at 200 feet (or less agreed distance) from the residence. Measures to be taken by REDCO may include installing insulation or sound deadening material in the offending Turbine(s); installing landscaping, insulation, and sound deadening material at the residence; or, changing the operation of the Wind Generators, Turbine(s), or Collection Facilities to reduce noise output.

6. **Term of Agreement.** The term of this Agreement ("Term") includes the Option Term referenced in Section 3.1; and the Easement Term referenced in Section 6.1.

6.1 **lease & Easement Term.**

6.1.1 The Term of the Leases and Easements and the effective date thereof shall commence on the date specified by REDCO in the Option Notice ("Commencement Date"). The Term shall end fifty (50) years after the Commencement Date, unless terminated as provided in this Agreement.

6.1.2 **Delays during Easement Term.** At REDCO's option, the Term may be extended for a period of time equal to the period of time during which operation of the Renewable Energy Facility is delayed or suspended because of the occurrence of a Regulatory Suspension or Force Majeure, which are defined as follows:

6.1.2.1 **"Regulatory Suspension"** shall mean the enactment or application of any law, order, rule, or regulation of the Public Service Commission, Federal Energy Regulatory Commission, or other local, state, or federal government authority having jurisdiction over the Renewable Energy Facility or REDCO, or the failure of any such governmental authority to issue an approval or permit pursuant to any such law, order, rule, or regulation, which results in the delay, interruption, or suspension of the production, sale or transmission of electricity from the Renewable Energy Facility facilities; and

6.1.2.2 **"Force Majeure"** shall mean causes beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure, including but not limited to acts of God, labor unrest (including, but not limited to, slowdowns, picketing, boycotts or strikes), flood, earthquake, storm, fire, lightning, explosion, power failure or power surge, vandalism, theft, the cutting of power, transmission or other lines, wires or cables

to the Renewable Energy Facility by persons other than Renewable Energy Generation Facility employees, epidemic, war, revolution, riot, civil disturbance, sabotage, change in law or applicable regulation subsequent to the Commencement Date and action or inaction by any federal state or local legislative, executive, administrative judicial agency or body which in any of the foregoing cases, by exercise of due foresight such Party could not reasonably have expected to avoid, and which, by the exercise of due diligence, it is unable to overcome. The Parties shall be excused from performing their respective obligations under this Agreement and shall not be liable in damages or otherwise if and to the extent that they are unable to so perform and are prevented from performing by a Force Majeure, provided that: (i) the non-performing Party, as promptly as practicable after the occurrence of the Force Majeure, but in no event later than thirty (30) days thereafter, gives the other Party written notice describing the particulars of the occurrence; (ii) the suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure; (iii) the non-performing Party uses good faith commercially reasonable efforts to remedy its inability to perform; and (iv) as soon as the non-performing is able to resume performance of its obligations excused as a result of the occurrence, each party shall give prompt written notification thereof to the other Party.

6.2 **Termination by REDCO.** REDCO, at its option, shall have the right to terminate this Agreement at any time during the Term of Agreement, as to all or any part of the REDCO Property, which is defined as REDCO's interest in this Agreement and any REDCO Improvements as defined in Section 8. Termination shall be effective sixty (60) days after written notice of such termination to Owner. If REDCO's notice is a full termination of the Agreement relating to the REDCO Property, the Parties shall be relieved of all further duties and obligations under this Agreement, other than (i) the payment of any accrued and unpaid obligations owed by either Party as of the date of termination; (ii) the removal of the Improvements by REDCO pursuant to Section 8.7; and (iii) any other obligations and liabilities that are expressly stated in this Agreement to survive such termination. Upon any such partial termination by REDCO, the Parties shall be relieved of all further duties and obligations under this Agreement with respect to the portion thereof terminated by REDCO, subject to the obligations and liabilities referenced in items (i) through (iii) above that shall continue to be applicable to the terminated portion of this Agreement. Should the REDCO terminate this Agreement, REDCO agrees to leave the Owner's property in a condition similar to or better than the condition of the property prior to the Execution Date of this Agreement. Owner and REDCO agree to execute an amendment to this Agreement evidencing such partial termination.

6.3 **Termination by Owner.** Owner, at its option, shall have the right to terminate this Agreement, as to all or any part of the REDCO Property, if at any time following the fifth (5) year after the Option Term or Extended Option Term, REDCO has failed to install any Renewable Energy Facility, Collection Facilities or Roadway Improvements pursuant to the terms of this Agreement. Termination shall be effective sixty (60) days after written

notice of such termination to REDCO. If Owner's notice is a full termination of the Agreement relating to the REDCO Property, the Parties shall be relieved of all further duties and obligations under this Agreement, other than (i) the payment of any accrued and unpaid obligations owed by either Party as of the date of termination; and (ii) any other obligations and liabilities that are expressly stated in this Agreement to survive such termination. Upon any such partial termination by Owner, the Parties shall be relieved of all further duties and obligations under this Agreement with respect to the portion thereof terminated by Owner, subject to the obligations and liabilities referenced in items (i) and (ii) above that shall continue to be applicable to the terminated portion of this Agreement. Should the Owner terminate this Agreement, REDCO agrees to leave the Owner's property in a condition similar to or better than the condition of the property prior to the Execution Date of this Agreement. Owner and REDCO agree to execute an amendment to this Agreement evidencing such partial termination.

7. **Payments.** If REDCO exercises the Option referenced in Section 3, REDCO agrees to pay Owner the amounts set forth in Exhibit D as consideration for the Leases and REDCO's other rights and interests in the Property.
8. **Improvements.** REDCO shall have the right, at its sole cost and expense, to construct, install, maintain, use, operate, repair, replace, relocate and remove all facilities, structures, equipment, machinery, wires, conduit, cables, poles, materials and property of every kind and character required for the construction and operation of portions of the Renewable Energy Construction Facility on the Property, including, but not limited to, the Renewable Energy Collection Equipment, Turbines, Collection Facilities, Renewable Energy Measuring Equipment, and Roadway Improvements referenced in Sections 8.1 through 8.4 (collectively, the "Improvements").
 - 8.1 **"Turbines"** shall mean any steam turbine generator, wind turbine generator, or machine designed for the generation of electrical power from Renewable Energy power, including without limitation, the associated towers, support structures, guy wires, braces and directly related equipment.
 - 8.2 **"Collection Facilities"** shall mean all Improvements whose purpose is to deliver heated thermal fluid to the turbines or electrical power generated by the Turbines to an electrical power grid or other system, including without limitation transformers and overhead and underground electrical collection lines, wind turbines, wind towers, solar arrays, and interconnection facilities.
 - 8.3 **"Renewable Energy Measuring Equipment"** shall mean towers used primarily to gather and transmit Renewable Energy data relating to the Renewable Energy Facility, and includes the tower's foundations, guy wires, Renewable Energy data acquisition equipment, power source, and any required data and electrical transmission lines.

- 8.4 **"Roadway Improvements"** shall mean all improvements that may be necessary to construct, maintain and repair any new and existing roadways and other means of ingress and egress *over*, across and along the Access Right Property, including paving or surfacing of the roadways with asphalt, gravel or other roadway materials, and the construction and installation of culverts, bridges, drainage ditches, gates, cattle guards and similar structures and facilities. All roads constructed shall be "all weather" roads so as to withstand the elements of the region.
- 8.5 **Ownership of the Improvements.** All Improvements shall at all times remain the property of REDCO, and Owner shall have no right, title or interest therein. All Improvements constructed or placed on the Property by REDCO during the Term of this Agreement may be repaired, replaced, relocated, removed, added to or expanded upon by REDCO at any time during the Term of this Agreement. Owner expressly waives any statutory lien or common law liens on the Improvements to which Owner might be entitled.
- 8.6 **Construction Liens.** REDCO shall not permit any liens arising out of REDCO's use of the REDCO Property under this agreement to be filed against the REDCO Property. REDCO shall, within sixty (60) days after it receives notice of the lien, provide a bond or other security that Owner may reasonably request, or remove such lien from the REDCO Property in the manner provided by applicable law.
- 8.7 **Removal of Improvements.** Upon full or partial termination of any of the Leases, REDCO shall remove all physical material pertaining to the Improvements from the affected REDCO Property to a depth of thirty-six inches (36") beneath the soil surface, and restore the area formerly occupied by the Improvements to substantially the same physical condition that existed immediately before the construction of the Improvements or to a condition better than the what existed immediately before the construction of the Improvements (the "Removal Obligations"). If REDCO fails to complete its Removal Obligations within twelve (12) months of full or partial termination of the applicable Easement, Owner may do so, in which case REDCO shall reimburse Owner for costs of fulfilling REDCO's Removal Obligations incurred by Owner. REDCO shall remediate the land after completion of project construction. Both Parties will agree upon the grass seed used in the remediation.
9. **Ownership and Title Matters.** Owner warrants and represents to REDCO, both as of the Effective Date, and as of the Commencement Date as follows:
- 9.1 **Authority.** Owner is the sole owner of the Property including the REDCO Property and has the unrestricted right and authority to sign this Agreement and to grant REDCO the Leases and Easements and other rights granted in this Agreement. When signed by both parties, this Agreement constitutes a valid and binding agreement enforceable against Owner in accordance with its terms.

- 9.2 **Other Agreements.** The Property is not subject to any other agreements, opinions, rights of first refusal or other prior right of any party to purchase, lease or acquire the Leases and Easements in the Property, or create any prior claim or right that would preclude or interfere with REDCO's rights and interests under this Agreement and the Leases and Easements.
- 9.3 **Minerals.** Owner owns some of the oil, water, gas and other minerals, and the rights thereto as on or under the Property, and will continue to own and have the right to develop such rights during and after the Term of this Agreement and the lease. The Owner will sell REDCO water on a per gallon basis, when such water is available. REDCO shall be responsible for procuring any needed water for its needs on the Property. REDCO shall compensate Owner for water taken from the Property at the going rate as agreed upon in writing before hand by Owner and REDCO.
- 9.4 **Owner Mortgage.** Except as disclosed by Owner to REDCO at the time of the execution of this Agreement by Owner, there are no mortgages encumbering the Property ("**Owner Mortgage**").
- 9.4.1 **Notice and Opportunity to Cure.** If there is an Owner Mortgage encumbering Property and Owner receives from the holder thereof ("Owner Mortgagee") any notice that payments are overdue, Owner shall notify REDCO and each REDCO Mortgagee (as defined at Section 13.1) by sending a copy of such overdue payment notice to REDCO by the earlier of (i) five (5) days after receipt, or (ii) three (3) business days prior to the date by which a default under or in respect of such Owner Mortgage could occur. If REDCO or any REDCO Mortgagee determines that it would be in REDCO's interest to make such payments to Owner Mortgagee on Owner's behalf, whether as a result of receiving such notice or otherwise, REDCO shall have the right to make such payments and credit the payments so made against the Annual Installment Payment next due under the Agreement.
10. **Representations and Warranties of Owner.** Owner hereby makes the following further representations and warranties:
- 10.1 **Physical Condition.** Owner has no actual knowledge of any existing physical conditions of the Property which would prevent, significantly restrict or make more expensive REDCO's development of the Property for the purposes specified in this Agreement, or which could, with the passage of time, or the giving of notice, constitute a violation of any currently applicable governmental law, ordinance, order, rule or regulation.
- 10.2 **Legal Restrictions.** Without having made any specific investigation thereof, and without undertaking to do so, Owner has no actual knowledge of any law, regulation, ordinance or order of any local, state or federal governmental authority that would prohibit or significantly restrict REDCO's development of the Property pursuant to this Agreement. This Agreement does not violate any contract, agreement, instrument, judgment, or order to which Owner is a party or which affects the Property. To the best of Owner's

knowledge, the Property is currently in full and complete compliance with all governmental laws, ordinances, orders, rules and regulations applicable to the Property. It shall be REDCO's responsibility to conduct all environmental, permitting and zoning changes and designations needed to construct and operate a Renewable Energy facility on the Owner's property, pursuant to Section 11.4.5.

- 10.3 **No Litigation.** No litigation is pending and, to the best of Owner's knowledge, no litigation or administrative actions are proposed, threatened or anticipated with respect to any matter affecting the Property. If Owner learns of any litigation or administrative action proposed, threatened or instituted with respect to the Property, Owner shall give REDCO prompt notice thereof.
- 10.4 **Survival.** The representations and warranties set forth in this Section 10 shall survive the execution and delivery thereof.
11. **Representations and Warranties of REDCO.** REDCO hereby makes the following representations and warranties:
- 11.1 **Organization: Good Standing.** REDCO is a Utah corporation validly existing and in good standing under the laws of the State of Utah and has all the requisite power and authority to own, operate and lease its properties, to carry on its business as now being conducted and as proposed to be conducted and to enter into this Agreement and consummate the transactions contemplated hereby.
- 11.2 **Authorization.** REDCO has taken all actions required by law, its organizational documents or otherwise, to authorize the execution and delivery of this Agreement and the transactions contemplated hereby, and this Agreement is a valid and binding agreement of REDCO enforceable against it in accordance with its terms and conditions.
- 11.3 **No Violations.** The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not (i) conflict with or result in any violation of or constitute a default under the certificate of formation or company agreement of REDCO; (ii) violate any statute, ordinance, rule, regulation, order or decree of any court or of any public, governmental or regulatory body, agency or authority applicable to REDCO or by which any of its properties or assets may be bound; or (iii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or **give** rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, franchise, permit, agreement or other instrument or obligation to which REDCO is party, or by which it or any of its properties or assets may be bound.
- 11.4 **Required Approvals.** No approval, authorization, order, registration or qualification of or with any court or governmental authority is required for the consummation of the transactions contemplated herein by REDCO and no consent of any person is required.

12. **Use, Operation and Maintenance.**

- 12.1 **Exclusive Use by REDCO.** Subject to the limitations in Sections 12.3 and 12.4, REDCO shall have the exclusive right (i) to use and possess the REDCO Property in connection with the Renewable Energy Facility and other similar Renewable Energy electrical power generation projects; (ii) to investigate, inspect, survey, and conduct tests of the Property, including, but not limited to, Renewable Energy measuring equipment and environmental, archeological and geotechnical tests and studies; (iii) to use and convert all of the Energy Source resources on the Property; and (iv) to undertake such other activities on the Property that may be related to the Renewable Energy Facility, including, without limitation, the storage of towers, materials and equipment during the installation and construction of the Collection facilities and other Improvements; development and operation of communications systems; and site tours of the Renewable Energy Facility for visitors and other interested parties.
- 12.2 **No Required Installation or Operation.** Nothing in this Agreement shall be interpreted as imposing on REDCO any obligation to install Renewable Energy Facilities or other Improvements on the Property, or to operate the Renewable Energy Facility on the Property. REDCO shall have the sole discretion of determine if and when any Renewable Energy Facility and other Improvements may be constructed on the Property, and if and when to commence the operation of the Renewable Energy Facility on the Property.
- 12.3 **Limitations On Use during Option Term.** During the Option Term, REDCO's use and possession of the Property shall be limited to the uses described in Section 3.6. During such Option Term, the only Improvements that may be constructed or installed on the Property are the Renewable Energy Measuring Equipment.
- 12.4 **Uses Reserved by Owner.** Owner expressly reserves the right to use Property for all other purposes not granted to REDCO under this Agreement, including ranching and agricultural uses, and all recreational uses and mineral development, provided that no such other use interferes in any way with REDCO's use of the REDCO Property under this Agreement, including the joint use of roadways now and hereafter located on the Access Right Property. Any and all negotiations required shall be done in the spirit of fairness and shall be constructed in a simple, straightforward manner. Owner's reserved rights are further made subject to the following conditions, requirements and limitations:
- 12.4.1 **Ranching & Agricultural Uses.** Owner and REDCO agree to cooperate with each other in a manner that allows Owner to continue the current ranching and agricultural uses of the Property in a manner that does not unreasonably interfere with REDCO's use of the REDCO Property.
- 12.4.2 **Hunting.** All hunting on the property leased to the REDCO through this Agreement shall be prohibited. Owner participation in a Cooperative Wildlife Management Unit (CWMU)

may continue until construction of a renewable energy project on Owner's property begins. Owner may continue hunting on that portion of land not within 1000 feet of any REDCO construction activity and owner will be responsible for any damage caused by such hunting. REDCO shall assume the responsibility of displaying adequate signage warning others of the hunting prohibition.

- 12.4.3 **Recreational Uses.** Owner may allow Owner's guests to use REDCO Property, except the Renewable Energy Facility and Renewable Energy Measuring Equipment Properties, for recreational purposes except at times or under circumstances that adversely affect public health and safety or operation and safety of the Improvements. If Owner uses snowmobiles or other all terrain vehicles in the vicinity of the REDCO Property, it shall take such reasonable precautions so as to ensure the safety of Owner's guests, REDCO's site personnel, and the protection of Improvements on the REDCO Property during and after construction of the Renewable Energy Facility.
- 12.5 **Permits and Approvals.** REDCO shall be responsible, at its sole cost and expense, for obtaining any governmental permits and approvals, necessary for the construction and operation of the Renewable Energy Facility and the construction and operation of the Improvements, including complying with the provisions of State Laws. Owner shall cooperate with REDCO as necessary to obtain any governmental or utility approvals or permits, including, without limitation, signing any applications, provided that REDCO shall reimburse Owner for all its reasonable out-of-pocket expenses directly incurred in connection with such cooperation.
- 12.6 **compliance with Laws.** REDCO shall comply in all material respects with valid laws applicable to the Property and the REDCO Property. REDCO shall have the right, in its sole discretion and at its sole expense, in REDCO's name or Owner's name, to contest the validity or applicability to the Property and the REDCO Property of any law, ordinance, statute, order, regulation, property assessment or the like made by any governmental agency or entity. REDCO shall control any such contest and Owner shall cooperate with REDCO in every reasonable way in such contest, at no out-of-pocket expense to Owner.
- 12.7 **g Interference.** During the Term of this Agreement, Owner covenants and agrees that neither Owner nor its agents, lessees, invitees, guests, licensees, successors or assigns will (i) interfere with, impair or prohibit the free and complete use and enjoyment by REDCO of all rights granted by this Agreement; (ii) take any action which will interfere with or impair the availability, accessibility, frequency, or direction of Energy Sources over and above the Property; (iii) take any action which will in any way interfere with or impair the transmission of electric, electromagnetic or other forms of energy to or from the Property; or (iv) take any action which will interfere with or impair REDCO's access to the Property and the REDCO Property for the purposes specified in this Agreement.
- 12.8 **care and Appearance.** REDCO, in its exercise of the easement and other rights granted hereunder shall, at all times, maintain the Property and the Improvements in a

reasonably neat, clean and presentable condition, consistent with its current usage. REDCO shall not willfully or negligently damage or destroy the Property. REDCO shall keep the Property clean and free of debris created by REDCO, its contractors, or others brought onto the Property by REDCO. REDCO shall not use the Property for storage, except for materials, construction equipment and vehicles directly associated with construction or maintenance of the Improvements on the Property or adjacent properties that are part of the Renewable Energy Facility.

- 12.9 **Fences and Gates.** Within a reasonable time following Owner's request, REDCO shall repair or replace any fences, gates or cattle guards damaged or removed in connection with REDCO's activities on the Property. Fences removed from the Property, if replaced, shall be re-built by REDCO at its expense in mutually agreeable locations. All fences, gates, and cattle guards that need to be replaced by REDCO shall be of similar type and materials to the ones removed. Once completed, all replacement fences, gates and cattle guards shall be owned and maintained by Owner. To minimize the need for temporary fencing, Owner will cooperate with REDCO to avoid pasturing animals on or near the Improvements during periods of construction, maintenance or removal activity by REDCO.
- 12.10 **Roadway Maintenance and Repairs.** REDCO agrees to maintain and repair all Roadway Improvements located on the Access Easement for the joint use thereof by REDCO and Owner for ingress and egress over, across, and along the Access Easement; provided, however, Owner shall reimburse REDCO for any costs and expenses incurred by REDCO to repair any damage or perform any special maintenance of the roadway caused by Owner or any person using the roadway with Owner's permission, other than REDCO. All roads constructed shall meet a standard agreed upon by both Parties. All roads constructed shall be all-weather roads to withstand seasonal climate conditions.
- 12.11 **Remediation of Glare.** REDCO Agrees that should Owner experience problems with glare or shadow flicker in Owner's house associated with the presence of the Renewable Energy Facility on the Property or adjacent properties, REDCO will promptly investigate the nature and extent of the problem and the best methods of correcting any problems found to exist. REDCO at its expense, with agreement of Owner, will then promptly undertake measures such as tree planting or installation of awnings necessary to mitigate the offending glare.
13. -
- 13.1 **REDCO's Taxes.** Owner and REDCO agree that San Juan County shall separately assess and collect taxes for Owner's Property and REDCO Property. REDCO shall pay all taxes due on the REDCO Property pursuant to this Agreement ("**REDCO's Taxes**"), and Owner shall pay all taxes due on Owner's Property to the appropriate taxing authority prior to delinquency.

13.2 **REDCO's Right to Contest.** REDCO may contest the legal validity or amount of any REDCO's Taxes for which it is responsible under the Agreement, and may institute such proceedings as it considers necessary, provided that REDCO shall bear all expenses in pursuing such contest or proceeding. REDCO's Taxes shall not constitute a lien on Owner's Property. REDCO shall promptly pay such Taxes unless the proceeding in which it contests such Taxes shall operate to prevent or stay the collection of the Taxes so contested or unless REDCO removes any such lien by bonding or otherwise. Owner agrees to render to REDCO all reasonable assistance in contesting the validity or amount of any such Taxes, including joining in the signing of any reasonable protests or pleading which REDCO may deem advisable to file; provided, however, that REDCO shall reimburse Owner for its reasonable out-of-pocket expenses, including reasonable attorney's fees incurred in connection with providing such assistance.

14. **Mortgage of REDCO Property.**

14.1 **Right to Mortgage.** REDCO may, upon notice to Owner, but without requiring Owner's consent of approval, mortgage, collaterally assign, or otherwise encumber and grant security interests in all or any part of its interests in the REDCO Property. These various security interests in all or a part of the REDCO Property are collectively referred to as an "REDCO Mortgage" and holder of such security interest, an "REDCO Mortgagee." Any REDCO Mortgagee shall use the REDCO Property only for the uses permitted under this Agreement. Whenever REDCO has granted a security interest under this Section 14, it will give Owner notice of the REDCO Mortgage (including the name and address of the REDCO Mortgagee for notice purposes), provided that failure to give this notice shall not constitute a default under this Agreement, but rather shall only have the effect of not binding Owner to provide such REDCO Mortgage notice until its address is given to Owner. REDCO shall have no power to encumber Owner's interest in the Property and shall only be able to mortgage, collaterally assign or otherwise encumber and grant security interests in all or a part of the REDCO property, as defined in Section 6.2, as REDCO's interest in this Agreement and its Improvements.

14.2 **Notice of Default and Opportunity to Cure.** As a precondition to exercising any rights or remedies related to any alleged default by REDCO under this Agreement, Owner shall give written notice of the default to each REDCO Mortgagee at the same time it delivers notice of default to REDCO, specifying in detail the alleged event of default and the required remedy. Each REDCO Mortgagee shall have the right to cure any default as REDCO, and/or the right to remove any Improvements or other property owned by REDCO or such REDCO Mortgagee located on the Property to the same extent as REDCO. The cure period for any REDCO Mortgagee shall be the latest of (i) the end of the REDCO cure period; (ii) thirty (30) days after such REDCO Mortgagee's receipt of the default notice; or (iii) if applicable, the extended cure period provided for in Section

14.3. Failure by Owner to give an REDCO Mortgagee notice of default shall not diminish Owner's rights against REDCO, but shall preserve all rights of the REDCO Mortgagee to

cure any default and to remove any Improvements or other property of REDCO or the REDCO Mortgagee located on the Property.

- 14.3 **Extended Cure Period.** If any default by REDCO under this Agreement cannot be cured without the REDCO Mortgagee obtaining possession of all or part of the REDCO Property, then any such default shall be deemed remedied if a REDCO Mortgagee: (i) acquires possession of all or part of the REDCO Property, or begins to appropriate judicial or non-judicial proceedings to obtain the same within sixty (60) days after receiving notice from Owner as set forth in Section 14.2.; (ii) diligently prosecutes any such proceedings to completion; and (iii) after gaining possession of all or part of the REDCO Property performs all other obligations as and when the same are due in accordance with the terms of this Agreement. If an REDCO Mortgagee is prohibited by any court or by operation of any bankruptcy or insolvency laws from commencing or prosecuting the proceedings described above, the sixty (60) day period specified above for commencing proceedings shall be extended for the period of such prohibition.
- 14.4 **REDCO Mortgagee Liability.** Any REDCO Mortgagee whose interest in the REDCO Property is held solely for security purposes shall have no obligation or liability under this Agreement unless and until the REDCO Mortgagee succeeds to absolute title to the REDCO Property and the rights of REDCO under this Agreement. An REDCO Mortgagee shall be liable to perform obligations under this Agreement only for and during the period it directly holds such absolute title.
- 14.5 **Certificates & Other Documents.** Owner shall execute any estoppel certificates (certifying as to truthful matters, including without limitation that no default then exists under this Agreement, if such be the case), consents to assignment and non-disturbance agreements as REDCO or any Mortgagee may reasonably request from time to time. Owner and REDCO shall conduct all negotiations in good faith, in the spirit of fairness.
- 14.6 **REDCO's Mortgagee's right to Enforce Mortgage & Assign.** Each REDCO Mortgagee shall have the right, in its sole discretion: (i) to assign its REDCO Mortgagee; (ii) to enforce its lien and acquire title to all or any portion of the REDCO Property by any lawful means; (iii) to take possession of and operate all or any portion of the REDCO Property and to perform all obligations to be performed by REDCO under this Agreement, or to cause a receiver to be appointed to do so; and (iv) to acquire all or any portion of the REDCO Property by foreclosure or by an assignment in lieu of foreclosure and thereafter, without Owner's consent, to assign or transfer all or any portion of the REDCO Property to a third party. Any REDCO Mortgagee or other party who acquires REDCO's interest in the REDCO Property pursuant to foreclosure or assignment in lieu of foreclosure shall not be liable to perform the obligations imposed on REDCO by this Agreement that are incurred or accruing after such REDCO Mortgagee or other party no longer has ownership or possession of the REDCO Property.
- 14.7 **New Agreement.** If the REDCO Property is foreclosed upon or there is an assignment in lieu of foreclosure, or if this Agreement is rejected or disaffirmed pursuant to

bankruptcy law or other law affecting creditor's rights and, within ninety (90) days after such event, REDCO or any REDCO Mortgagee or other purchaser at a foreclosure sale shall have arranged to the reasonable satisfaction of Owner for the payment of all Annual Installment Payments or other charges due and payable by REDCO as of the date of such event, then Owner shall execute and deliver to REDCO or such REDCO Mortgagee or other purchaser at a foreclosure sale, or to a designee of one of these parties, as the case may be, a new agreement ("**New Agreement**") which (i) shall be for a term equal to the remainder of the Term of this Agreement before giving effect to such rejection or termination; (ii) shall contain the same covenants, agreements, terms, provisions and limitations as this Agreement (except for any requirements that have been fulfilled by REDCO or any REDCO Mortgagee or other purchaser at a foreclosure sale prior to rejection or termination of this Agreement); and (iii) shall include that portion of the REDCO Property in which REDCO or such other REDCO Mortgagee or other purchaser at a foreclosure sale had an interest on the date of rejection or termination. If more than one REDCO Mortgagee makes a written request for a New Agreement pursuant to this provision, the New Agreement shall be delivered to the REDCO Mortgagee requesting such New Agreement whose REDCO Mortgage has lien priority, and the written request of any other REDCO Mortgagee whose lien is subordinate shall be void and of no further force or effect. The provisions of this Section 14.7 shall survive the termination, rejection or disaffirmation of this Agreement and shall continue in full force and effect thereafter to the same extent as if this Section 14.7 were a separate and independent contract made by Owner, REDCO and each REDCO Mortgagee, and, from the effective date of such termination, rejection or disaffirmation of this Agreement to the date of execution and delivery of such New Agreement, such REDCO Mortgagee or other purchaser at a foreclosure sale may use and enjoy the REDCO Property without hindrance by Owner or any person claiming by, through or under the Owner; provided that all of the conditions for the New Agreement as set forth above are complied with.

- 14.8 **REDCO Mortgagee's Consent to Amendment Termination or Surrender.** The Parties agree that so long as any REDCO Mortgage remains outstanding, this Agreement shall not be modified or amended, and Owner shall not accept a surrender, cancellation or release of all or any part of the REDCO Property from REDCO, prior to expiration of the Term of this Agreement, without the prior written consent of the REDCO Mortgagee holding such REDCO Mortgage. This provision is for the express benefit of and shall be enforceable by each REDCO Mortgagee as if it were a party named in this Agreement. However, this provision shall not be applicable if Owner exercises its rights pursuant to Section 6.3.
15. **Assignment and Sublease.** REDCO shall have the right, without Owner's consent, to sell, convey, lease, or assign all or any portion of the REDCO Property, on either an exclusive or a non-exclusive basis, or to grant subleases, co-leases, leases, licenses or similar rights with respect to the REDCO Property (collectively, "**Assignment**"), to one or more persons or entities (collectively, "**Assignee**"). Each Assignee shall use the REDCO

Property only for the uses permitted under this Agreement. When REDCO Makes any Assignment under this Section 15, REDCO shall give notice to Owner of such Assignment (including the interest conveyed by the Assignment and address of the Assignee for notice purposes to Owner) provided REDCO's failure to give such notice shall not constitute a default under this Agreement, but rather shall only have the effect of not binding Owner with respect to such assignment or conveyance until such notice is given. Any Assignment by REDCO shall release REDCO from obligations subject thereof accruing after the date that liability for such obligations is assumed by the Assignee.

16. **Hazardous Materials.**

16.1 **Owner's Covenants Regarding Hazardous Materials.** Owner represents and warrants that, to the best of Owner's knowledge, the Property is not and has not been in violate of any federal, state, or local environmental health or safety laws, statute, ordinance, rule, regulation or requirement ("**Environmental Laws**"), and Owner has not received any notice or other communication from any governmental authorities alleging that the Property is in violate of any Environmental Laws. "**Hazardous Materials**" shall mean any material containing asbestos, petroleum, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances, or toxic substances under any federal, state, or local law or regulation. Owner represents and warrants that, except as disclosed to REDCO in writing, to the best of Owner's knowledge, no underground storage tanks and no Hazardous Materials are or were located on the Property during or prior to Owner's ownership of the Property. Owner shall not violate in a material way any Environmental Law relating to the Property.

16.2 **REDCO's Covenants Regarding Hazardous Materials.** REDCO shall comply with all Environmental Laws and shall, at REDCO's sole cost and expense, promptly take removal or remedial action required by Environmental Laws with regard to any Hazardous Materials brought onto the Property by REDCO or its employees, agents, or contractors of any Environmental Laws. Owner shall cooperate with REDCO with regard to any scheduling or access to the Property in connection with any action required hereunder.

16.3 **REDCO's Indemnity Regarding Hazardous Materials.** REDCO shall indemnify, defend, protect and hold Owner harmless from any liability based on: (i) the release of Hazardous Materials in, on, under or about the Property caused by REDCO or its employees, agents or contractors, or (ii) the violation by REDCO or its employees, agents, or contractors. Owner shall cooperate with REDCO with regard to any scheduling or access to the Property in connection with any action required hereunder.

17. **Indemnity and Insurance.**

17.1 **Indemnity by REDCO.** REDCO shall defend, indemnify, protect and hold Owner harmless from and against all liabilities, costs, expenses, obligations, losses, damages, claims, including reasonable attorneys' fees (collectively "**Liability**"), resulting from the negligence, willful misconduct, or breach of this Agreement by REDCO, its agents,

contractors or employees, invitees, licensees and permittees; provided, however, that such Liability is not due to any negligence, willful misconduct, or breach by Owner, its agents, contractors or employees, invitees, licensees or permittees. Furthermore, REDCO shall defend, indemnify, protect and hold Owner harmless from and against all liabilities, costs, expenses, obligations, losses, damages, claims, including reasonable attorneys' fees resulting from the actions brought against Owner by Owners neighbors because of the Improvements or the Renewable Energy Facility, including, but not limited by, actions from the resulting noise, glare or damage to the Property or surrounding properties because of the Improvements or the Renewable Energy Facility.

- 17.2 **Indemnity by Owner.** Owner shall defend, indemnify, protect and hold REDCO harmless from and against all Liability resulting from the negligence, willful misconduct, or breach of this Agreement by Owner, its agents, contractors or employees, invitees, licensees and permittees; provided, however, that such Liability is not due to any negligence, willful misconduct, or breach by REDCO, its agents, contractors, employees, invitees, licensees, or permittees.
- 17.3 **Insurance by REDCO.** Prior to any use of the Property as set forth in Section 3.6 and thereafter, REDCO shall, at its expense, continually maintain a liability insurance policy in the amount of not less than \$1 million, under which Owner shall be named as an additional insured for personal injuries and property damage for which REDCO is legally liable. REDCO shall cause Owner to receive notice of all extensions, modifications, and payments of premium of said insurance.
- 17.4 **Survival.** The obligations of the Parties under this Section 17 shall survive expiration or another termination of this Agreement.
18. **Confidentiality.** This Agreement includes confidential and proprietary information relating to REDCO and the Renewable Energy Facility. In addition, from time to time REDCO may deliver to owner additional confidential and proprietary information relating to the Renewable Energy Facility ("**Additional Information**"). Subject to any applicable state or federal law, Owner agrees not to provide copies of the Agreement or additional information or disclose the terms of the Agreement or additional information, in whole or in part, to any person or entity, except as expressly authorized in this Section 18. REDCO authorizes Owner to provide copies of the Agreement and additional information and disclose the terms thereof to Owner's family, attorney, accountant, financial advisor and any existing or prospective mortgagee, lessee, or purchaser, so long as they likewise agree not to provide copies of the Agreement or additional information or disclose the terms thereof to any unauthorized person or entity.
19. **Default and Remedies.**
- 19.1 **REDCO Payment Default.** If REDCO shall fail to pay any amounts set forth in **Exhibit D** which failure continues for more than thirty (30) days from receipt of written notice

from Owner that such amount is due, then REDCO shall be in default (“REDCO Payment Default”) and Owner shall have the following remedies:

- 19.1.1 **Collection of Payments.** With or without terminating this Agreement, Owner may pursue any and all action or remedies that may be available to Owner at law or in equity, against REDCO to collect any unpaid amounts set forth in **Exhibit D** together with interest thereon that accrues during the continuance of the REDCO Payment Default, calculated at a rate (“**Default Rate**”) which is the lesser of (i) the prime interest rate at The Chase Manhattan Bank (or its successor) plus two percent (2%) per month, or (ii) the maximum lawful rate. Owner shall also be entitled to recover all court costs and reasonable attorneys’ fees that may be incurred by Owner in collecting such amounts.
- 19.1.2 **Terminate Agreement.** Owner may not terminate this Agreement because of any REDCO Payment Default without first giving REDCO written notice of its intention to terminate the Agreement (“**Termination Notice**”), to be effective on a date to be specified by Owner that is at least thirty (30) days after the date of the Termination Notice. If, by the date specified in the Termination Notice, REDCO fails to pay the amount required to cure the REDCO Payment Default (including interest at the Default rate that accrues during the continuance of the REDCO Payment Default), Owner’s termination of this Agreement shall become effective on the date specified in the Termination Notice. Upon such Termination, the Parties shall be relieved of all further duties and obligations under this Agreement, other than (i) the payment of any accrued and unpaid obligations owed by either Party as of the date of termination (including the amount owed by REDCO with respect to the REDCO Payment Default and interest payable with respect thereto); (ii) the removal of the Improvements by REDCO pursuant to Section 8.7; and (iii) any other obligations and liabilities that are expressly stated in this Agreement to survive such termination. Owner’s right to terminate this Agreement pursuant to this Section 19.1.2 is subject to and conditioned upon Owner giving any REDCO Mortgagee written notice and opportunity to cure the REDCO Payment Default as provided in Section 14.2.
- 19.2 **Other REDCO Default.** The breach by REDCO of any provision hereof, other than an REDCO Payment Default as set forth in Section 19.1 (“**Other REDCO Default**”), may result in a cause of action by owner under applicable law and all action or remedies that may be available to Owner at law or in equity, including but not limited to all loss or damage, but excluding future lease payments, which Owner may suffer by reason of a REDCO’s breach of this Agreement, other than as set forth in this Section 19.2. In the event of any such breach by REDCO, Owner shall, at least thirty (30) days prior to commencing any cause of action, give written notice of the cause of the breach to REDCO, and any REDCO Mortgagee (of which it has been notified in writing) concurrently, specifying in detail the alleged event of breach and the required remedy. If REDCO does not cure or commence curing such breach within thirty (30) days of receipt of notice, the REDCO Mortgagee shall have the absolute right to substitute itself for REDCO and perform the duties of REDCO hereafter for the purposes of curing such

breach. Owner expressly consents to such substitution, agrees to accept such performance, and authorizes the REDCO Mortgagee (or its employees, agents, representatives or contractors) to enter upon the Property to complete such performance with all the rights, privileges and obligations of REDCO hereunder. Owner may cure any default by REDCO after REDCO's cure period has expired. If Owner, at any time by reason of REDCO's default, pays any sum or performs any act that requires the payment of any sum, the sum paid by Owner shall be due immediately from REDCO to Owner, together with interest on such sum calculated at the Default Rate.

19.3 **Owner Default.** Owner shall be in default of this Agreement if it shall fail to meet any of its obligations under the terms of this Agreement and shall not cure such default within thirty (30) days after receiving notice thereof from REDCO (or, if such default cannot be cured through the exercise of reasonable diligence within such thirty (30) day period, if Owner fails to commence corrective action within such thirty (30) day period and thereafter diligently prosecutes same to completion) ("Owner Default"). Upon the occurrence of an Owner Default, REDCO shall have the option to pursue any one or more of the following remedies without any further notice or demand whatsoever: (i) terminate this Agreement without being liable for prosecution or any claim of damages therefore; and (ii) pursue any and all other action or remedies that may be available to REDCO at law or in equity, including but not limited to all loss or damage which REDCO may suffer by reason of a termination of this Agreement and the loss of the value of the REDCO Property.

20. **Notice.**

20.1 **Writing.** All notices given or permitted to be given hereunder shall be in writing.

20.2 **Delivery.** Notice is considered given either (i) when delivered in person to the recipient named below, (ii) upon receipt after deposit in the United States mail in a sealed envelope or container, postage and postal charges prepaid, return receipt requested or certified mail, addressed by name and address to the party or person intended, or (iii) twenty-four (24) hours from proper and timely delivery to an overnight courier service addressed by name and address to the party or person intended as follows:

Notice to Owner: Michael N. Roring
 952 East 1400 South
 Orem, Utah 84097

Notice to REDCO: Renewable Energy Development Corporation
 922 West Baxter Drive, Suite 200
 South Jordan, Utah 84095
 Attention: President
 Facsimile: (801) 869-7001

- 20.3 **Change of Recipient or Address.** Either party may, by notice given at any time or from time to time, require subsequent notices to be given to another individual person, whether a party or an office or representative, or to a different address, or both. Notices given before actual receipt or notice of change shall not be invalidated by the change.
21. **Miscellaneous Provisions.**
- 21.1 **Successors & Assigns.** The terms and provisions of this Agreement shall run with the land and be binding on and inure to the benefit of the heirs, successors, assigns, and personal representatives of the Parties. REDCO in its discretion may authorize other persons or entities to use the REDCO Property for the purposes stated in this Agreement.
- 21.2 **Memorandum.** Simultaneously with the execution of this Agreement, Owner and REDCO agree to execute and acknowledge a memorandum of this Agreement satisfactory in form and substance to REDCO and Owner. Owner consents to the recordation of the interest of any REDCO Mortgage or Assignee in the REDCO Property.
- 21.3 **Entire Agreement.** This Agreement and the attached Exhibits shall constitute the entire agreement between the Parties and supersedes all other prior writings and understandings.
- 21.4 **Amendments.** This Agreement shall not be amended or modified in any way except by an instrument signed by Owner and REDCO and consented to by any REDCO Mortgagee. The Parties hereto shall at all times hereafter execute any documents and do any further acts which may be necessary or desirable to carry out the purposes of this Agreement and to give full force and effect to each and all of the provisions hereof. Owner and REDCO shall conduct all negotiations in good faith, in the spirit of fairness.
- 21.5 **Legal Matters.** This agreement shall be governed by and interpreted in accordance with the then existing laws of the State of Utah where the Property is located shall be considered the proper forum and jurisdiction for any disputes arising in connection with this Agreement. The parties agree to first attempt to settle any dispute arising out of or in connection with this agreement by good-faith negotiation. If the parties are unable to resolve amicably any dispute arising out of or in connection to this agreement, The Parties agree to mediate and each Party shall bear the costs of their own expenses, legal and otherwise. Each party waives all right to trial by jury and specifically agrees that a trial of suits or causes of action arising out of this agreement shall be to the Court. Time is of the essence with regard to the terms and conditions of this agreement.
- 21.6 **Severability.** If any term or provision of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be determined by judicial order or decision to be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances, other than those as

to which it is held to be invalid, shall be enforced to the fullest extent permitted by law. The parties agree to amend this agreement or modify the rights granted herein in order to comply with all applicable laws and to grant to REDCO the rights to the extent necessary to construct, operate and maintain the Improvements as contemplated herein.

- 21.7 **Tax Credits.** If under applicable law REDCO becomes ineligible for any tax credit, benefit or incentive for alternative energy expenditure established by any local, state or federal government, then, at REDCO's option, Owner and REDCO shall amend this Agreement or replace it with a different instrument so as to convert REDCO's interest in the REDCO Property to a substantially similar interest that makes REDCO eligible for such tax credit, benefit or incentive, so long as Owner's interests are not impaired. Owner and REDCO shall conduct all negotiations in good faith, in the spirit of fairness.
- 21.8 **Approvals.** Whenever in this Agreement the approval or consent of either Party is required or contemplated, unless otherwise specified, such approval or consent shall not be unreasonably withheld or delayed.
- 21.9 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute a single instrument.
- 21.10 **Option to Convert.** During the Term of the Leases and Easements granted herein, Owner grants to REDCO the option to convert the Leases herein contained to easements, or the Easements to leases, as determined by REDCO in its sole discretion. REDCO may exercise such option by giving the Owner thirty (30) days written notice of its intent to exercise such option. The terms and conditions of such easements and/or leases shall be the same as the terms and conditions of the Leases and Easements, including the annual payments as set forth in **Exhibit D** of this Agreement.
- 21.11 **Attorneys' Fees.** The prevailing party in any arbitration or litigation undertaken in connection with any default or indemnity under this Agreement shall be entitled to be paid its reasonable costs and attorneys' fees incurred in connection therewith by the losing party, including such costs and fees as may be incurred on appeal.

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This Renewable Energy Lease Option Agreement is dated as of the Effective Date above.

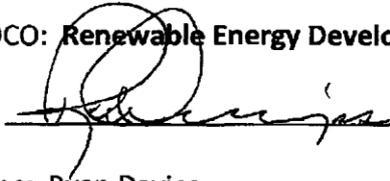
Owner: **Michael N. Roring**

By: 

Name: Michael N. Roring

Date: July 29, 2010

REDCO: **Renewable Energy Development Corporation**

By: 

Name: Ryan Davies

Its: President & CEO

Date: 7-29-10

EXHIBIT A-1

Legal Description of Property

Section 28; T32S R24E SLBM, SE 1/4 , N 1/2 SW 1/4 , SE 1/4 SW1/4, SW 1/4 SW 1/4

EXHIBIT A-2

Legal Description of Renewable Energy Facility Non-Obstruction Easement Property and Description of Energy Source Non-Obstruction Easement in Vertical and Horizontal Angles & Legal Description of Real Property Benefiting from Energy Source Non-Obstruction Easement To be Delivered with Option Notice

EXHIBIT A-3

Legal Description of Noise Easement Property and Legal Description of Real Property Benefiting from Noise Easement To be delivered with Option Notice

EXHIBIT B

Preliminary Lease & Easement Plan To be Delivered with Option Notice

EXHIBIT C

As Built Lease & Easement Plan

EXHIBIT D

Easement Compensation

- 1) **Signing Bonus.** REDCO shall pay to Owner a bonus of Two Thousand Dollars (\$2,000.00) within 30 days of the execution date of this contract.
- 2) **Annual Installments Payments”** means the amounts that are paid to Owner annually for the Leases. The amounts paid to Owner for the Renewable Energy Measuring Equipment Easement shall be paid to Owner annually, but the amount shall be separate from the other Leases.
- 3) **Minimum Megawatts Installed –** REDCO will make its best effort to build as many megawatts of Renewable Energy on the Owner’s land as is practical.
- 4) **Purchase Price for Leases.** The Annual Installment Payments for the Leases and Easements [Construction, Access, Turbine, Collection, Wind Non-Obstruction, Noise and Overhang] shall be \$3,000.00 per 1.0 megawatt (“MW”) nameplate rated Turbine or Solar Facility (Annual Minimum Rent (AMT) or Percentage of gross revenue Lease Rate:

Subject to the lease termination provisions, REDCO agrees that Owner shall receive either an Annual Minimum Rent (AMR) or a lease rate (percentage of gross revenue), whichever is greater, according to the following schedule:

Payments to Owner:

Annual Minimum Rent (AMR):	\$3,000/MW/year	each year
Lease Rate:	2.0% of gross revenue ¹	years 1-10
	3.0% of gross revenue ¹	years 11-15
	3.5% of gross revenue ¹	years 16-20
	4.0% of gross revenue ¹	years 21-end of lease

REDCO will provide and Owner shall receive an annual report of installed nameplate rated Turbine Capacity and Gross Revenue annually on or before January 1 of each year lease payments are due to Owner. Annual Installment Payments for partial

¹ Gross Revenue is defined as the total selling price of electric power received by REDCO, its successors, mortgagees, or assigns, and includes, as created by the project, any production tax credits, green credits, CO₂ cap and trade credits, or like or similar benefits, assessments, credits, or allotments, as received by REDCO, its successors, mortgagees, or assigns.

years shall be prorated based on the number of days in the partial year included in the Term. If a part of the Improvements is removed before the end of the Term, future Annual Installment Payments due on the purchase price of the Leases shall be reduced by the amount attributable to the Improvements removed. If a part of the Improvements remains after the end of the Term, REDCO shall continue to make Annual Installment Payments at the rate paid for the last year of the Term until REDCO's Removal Obligations are fulfilled ("**Removal Date**"). However, such payments shall not excuse REDCO from its Removal Obligations, nor extend the time for REDCO to comply with such Removal Obligations. Upon written request and upon execution of an appropriate confidentiality agreement, Owner and its representatives, accountants and legal counsel shall have the right to audit or review REDCO's books and records to verify payments made pursuant to this Agreement. If the audit reveals an error in excess of 5% of the annual revenues to Owner, then REDCO shall pay for the expense of the audit.

- 5) **Timing of Payments.** The signing bonus will be paid within sixty (60) days of mutual execution of this Agreement. Payments for the first partial year of the Term shall be made on the Commencement Date. All subsequent Annual Installment Payments shall be due on or before January 15th of the subsequent calendar year or partial calendar year to which they are attributable during the Term. For example purposes only, Annual Installment Payments for the 2009 calendar year shall be due on or before January 15, 2010. After REDCO delivers **Exhibit C** to Owner, any necessary payment adjustments shall be paid within thirty (30) days by REDCO or credited against the next payment due from REDCO to Owner.
- 6) **Collections Facilities** Any payments for the Collections Facilities shall be included in the amount specified in Item 4 of this Exhibit D. In the event that REDCO does not install any Renewable Energy Facilities on Property, but installs Collection Facilities, then REDCO shall pay to Owner the one-time first year sum of \$600.00 per acre used for Collection Facilities . After the first year, REDCO will pay Owner \$100 per acre, used for the collection facilities, per year for the term of lease. If REDCO does not extend the Option after the third year REDCO will provide the wind data collected on Owners property to Owner.
- 7) **Access.** In the event that REDCO does not install any Collection Facilities on Property, but installs Roadway Improvements, then REDCO shall pay to Owner the sum of \$500.00 per acre used for Roadway Improvements annually.
- 8) **Payments for Extended Use of Leases.** If REDCO continues to use the Access Right, Renewable Energy Collection Lease, Non-Obstruction Easement, Noise Easement and Overhang right after the end of the Term, REDCO shall pay Owner the then fair market value of the Access Right, Collection Lease, Energy Source Non-Obstruction Easement, Noise Easement and Overhang Right determined by agreement of the

parties. If REDCO does not continue to use any or all of these Leases or Easements, REDCO shall provide evidence of termination.

By: Mike Roring

Name: Michael N. Roring

Date: July 29, 2010

REDCO: **Renewable Energy Development Corporation**

By: Ryan Davies

Name: Ryan Davies

Its: President & CEO

Date: 7-29-10

19
WHEN RECORDED, RETURN TO:

Jeff Sivertsen
REDCO
922 West Baxter Dr., Suite 200
South Jordan, Utah 84095

Ent 110762 Bk 920 Pg 535 - 537
Date: 04-AUG-2010 10:53AM
Fee: \$19.00 Check
Filed By: LCJ
LOUISE JONES, Recorder
SAN JUAN COUNTY CORPORATION
For: REDCO

MEMORANDUM OF RENEWABLE ENERGY LEASE OPTION AGREEMENT

This Memorandum of Renewable Energy Lease Option Agreement is entered into as of the 29th day of July, 2010, by and between, Michael N. Roring ("Owner") and Renewable Energy Development Corporation ("REDCO").

1. Premises. For sufficient consideration received, and the terms and conditions more particularly set forth in that certain Renewable Energy Lease Option Agreement dated July 29th, 2010, entered into by and between Owner and REDCO ("Agreement"), Owner leases to REDCO that certain real property located in San Juan County, State of Utah and more particularly described on Exhibit "A-1" attached hereto and by this reference made a part hereof (the "Premises").

2. Term. Pursuant to the Agreement, the Option Term of the Agreement shall be three (3) years with up to five (5) additional Extended Option Terms of twelve-months each. Once the option is exercised, the term of the Agreement extends fifty (50) years.

3. Successors. The rights and obligations created in the Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, grantees and assigns of Owner and REDCO and the respective covenants and obligations pertaining to the Premises shall run with the land.

4. Incorporation and Conflicts. Owner and REDCO have executed and delivered this Memorandum of Renewable Energy Lease Option Agreement for the purpose of memorializing, of record, their mutual understandings regarding the Agreement and its terms and of the rights created thereby. All of the terms, covenants and conditions regarding the foregoing are more particularly set forth in the Agreement. In the event of conflict between the terms and conditions set forth in this Memorandum of Renewable Energy Lease Option Agreement and the terms and conditions set forth in the Agreement, the terms and conditions of the Agreement shall govern and control.

IN WITNESS WHEREOF, this Memorandum of Renewable Energy Lease Option Agreement is executed as of the date first above written.

OWNER

REDCO

Michael N. Roring

**RENEWABLE ENERGY
DEVELOPMENT CORPORATION,**
a Utah corporation

By: Michael Roring
Michael N. Roring

By: J. Michael Adams, VP
J. Michael Adams, VP

STATE OF UTAH)

)

: ss.

COUNTY OF Utah)

The foregoing instrument was acknowledged before me this 30 day of July, 2010 by Michael N. Roring.

[Signature]
NOTARY PUBLIC

STATE OF UTAH)

)

: ss.

COUNTY OF Utah)

The foregoing instrument was acknowledged before me this 30 day of July, 2010 by J. Michael Adams, VP of Renewable Energy Development Corporation, a Utah corporation.

[Signature]
NOTARY PUBLIC



EXHIBIT A-1

That certain real property located in San Juan County, State of Utah, and more particularly described as follows:

**Section 28; T32S R24E SLBM, SE 1/4 , N 1/2 SW 1/4 , SE 1/4 SW1/4, SW 1/4 SW 1/4
(280 ACRES) 32S24E285400**

Section 27; T32S R24E: W1/2SW1/4, NE1/4SW1/4 (120 AC) 32S24E275400

RENEWABLE ENERGY
LEASE OPTION AGREEMENT

THIS RENEWABLE ENERGY LEASE OPTION AGREEMENT (the "**Agreement**") is made as of July ~~29th~~ 2010 (the "**Effective Date**") by and between Corinne Nielson Roring, Trustee of the John Edward Roring and Corinne Nielson Roring Revocable Living Trust, dated December 28, 1992 ("**Owner**") and Renewable Energy Development Corporation, a Utah corporation ("**REDCO**"). Owner and REDCO are sometimes individually referred to as a "**Party**" and collectively as the "**Parties.**"

RECITALS:

WHEREAS, Owner owns certain real property in San Juan County, Utah, more particularly described on Exhibit A-1 attached hereto and made a part hereof (the "**Property**");

WHEREAS, REDCO develops and operates renewable energy projects to provide clean and sustainable electrical energy;

WHEREAS, REDCO has identified the Property as a potentially suitable site on which to build a renewable energy project that would include, among other things, generation equipment (wind turbines, Renewable Energy arrays, solar panels, or other similar technologies), generators, transformers, access roads, monitoring equipment, transmission and communications lines, and other facilities for the operation of one or more clean, renewable energy projects (collectively, the "**Renewable Energy Facility**"); and

WHEREAS, REDCO desires to acquire the right to lease the Property for the purpose of developing the Renewable Energy Facility thereon, and Owner desires to grant such option to REDCO, all on the terms set forth herein.

NOW THEREFORE, in consideration of the mutual benefits of the covenants and agreements herein contained, Owner and REDCO hereby agree as follows:

AGREEMENT:

1. **Recitals.** The Recitals set forth above are hereby expressly incorporated into and made a part of this Agreement.
2. **Project.** This Agreement relates to the Renewable Energy Facility, which may be wholly or partially located on the Property. Upon REDCO's exercise of the Option (as defined below), the project shall be based on the lease terms as set forth below.
3. **Exclusive Option.** Owner hereby irrevocably grants, bargains, sells and conveys to REDCO the exclusive right and option (the "**Option**") to lease and obtain the easements on the Property (or such portion thereof that may be designated by REDCO) in accordance with the lease ("**Lease**") terms and conditions set forth below. During the

Option Term, as defined below, and other than the Option granted herein, Owner shall grant no other option or right in the Property with respect to the Renewable Energy Facilities on the Property or any rights related thereto.

- 3.1 **Option Term.** The initial period during which REDCO may exercise the Option shall be for a term of three (3) years, commencing on the Effective Date and expiring on the date immediately preceding the third (3rd) anniversary of the Effective Date (“**Option Term**”). REDCO shall have the right to extend the Option Term for up to five additional twelve (12) month periods (each an “**Extended Option Term**”) by written notice to Owner at any time prior to the third (3rd) anniversary of the Effective Date, or at any time prior to the termination of an Extended Option Term, which notice is accompanied by the Option Extension Payment (as defined in Section 3.2). References herein to the Option Term shall mean the initial three (3) year period and, to the extent exercised by REDCO, also the Extended Option Term, unless the context otherwise expressly requires.
- 3.2 **Consideration for Option.** This Option Agreement is granted in consideration for a payment by REDCO to Owner (the “**Option Payment**”) the amount of \$1,000. The Option Payment will be paid within thirty (30) days of execution of this Agreement. In the event that REDCO elects an Extended Option Term, REDCO will pay to the Owner an Option Extension Payment in the amount of; (i) \$2.50 per acre for the first, second and third years of Extended Option Term; and (ii) \$3.00 per acre for the fourth and fifth years of Extended Option Term, payable within thirty (30) days after written notice by REDCO that it has exercised its rights to an extended option term.
- 3.3 **Right to Grant Option.** Owner warrants and represents to REDCO that (i) the statements in Section 9, below, concerning Owner’s title to the Property are true and correct; (ii) Owner has the authority to grant this Option to REDCO without the consent or approval of any other party; and (iii) there are no other existing options, rights of first refusal, contracts to purchase, leases or mortgages that would prevent REDCO from exercising its rights with respect to the Option.
- 3.4 **Condition to Exercise.** Prior to exercising the Option Notice (as such term is hereinafter defined), REDCO shall deliver to Owner a proposed plan of development (the “**Development Plan**”) demonstrating the contemplated locations and routes of the Improvements (as defined in Section 8, below) which shall serve the Renewable Energy Facility. If Owner has a concern with the location of any Improvements on the Development Plan, it shall notify REDCO within ten (10) days of receiving the Development Plan. REDCO and Owner shall meet to resolve any issues with the location of the Improvements within twenty (20) days of Owner’s receipt of the Development Plan. If Owner and REDCO are unable to resolve the issues, then REDCO agrees that it shall not exercise the Option with respect to the improvements that remain in dispute. Owner and REDCO may elect to move forward with the Improvements upon which the Parties agree.

- 3.5 **Exercise Notice.** REDCO may exercise the Option by giving written notice to Owner (“**Option Notice**”) at any time during the Option Term or at any time during an Extended Option Term. REDCO shall specify in the Option Notice the Commencement Date referenced in Section 6.1.1, which shall be a day that is the first day of a month and a day that is not sooner than thirty (30) days and not later than sixty (60) days after the date the Option Notice is given to Owner. On the Commencement Date, the Leases and Easements referenced in Sections 4 and 5 shall automatically become effective, and REDCO and Owner shall be subject to all of the terms and conditions of this Agreement with respect to such Leases and all rights and obligations relating thereto.
- 3.6 **Use of Property.** During the Option Term, REDCO and its employees, agents and contractors shall have a non-exclusive right to enter upon the Property and the right of ingress and egress on and across the Property for the purposes of (i) surveying the Property; (ii) performing such other tests and studies as REDCO may desire in connection with the Option, including, without limitation, environmental, avian and cultural resource assessments, and geotechnical, foundation and soil tests; provided that such activities do not unreasonably interfere with Owner’s use of the Property; and (iii) installing, maintaining, operating, inspecting and removing one or more wind or Renewable Energy monitoring devices and all associated activities, and including the performance of all tests and studies associated therewith. REDCO shall submit the proposed location of any Measuring Equipment on the Property prior to the installation and Owner shall approve or disapprove of such location within five (5) days of REDCO’s submittal. If Owner fails to approve or disapprove of such location within such time period, then the location of the Renewable Energy Measuring equipment shall be deemed approved. Owner shall not permit any other individual or entity except REDCO or its affiliates to install any Renewable Energy measuring equipment on the Property or other items that may interfere with the Renewable Energy measuring equipment.
- 3.7 **Termination of the Option.** If REDCO fails to exercise the Option within the Option Term, the option and the rights of REDCO as the Optionee shall automatically terminate. Upon request and without additional consideration, REDCO agrees to execute a Notice of Termination of Renewable Energy Lease Option Agreement, if REDCO fails to exercise the option.
4. **Leases.** Upon the exercise of the Option by REDCO, Owner grants to REDCO, and REDCO then accepts from Owner, for the Term referenced in Section 6.1, the following leases over and across the Property in accordance with the terms and conditions of this Agreement. The following leases are for the benefit of REDCO and REDCO’s agents, contractors and employees and located on the Property and are collectively referred to as the “Leases.”
- 4.1 **Construction Access Right.**
- 4.1.1 Owner grants REDCO access rights for purposes of constructing, maintaining, repairing, replacing, and removing all or any part or component of the Improvements whether

located on or off Property. This construction access is referred to as the “**Construction Access Right**”, and the property subject to the burden of this Construction Access Right is referred to as the “**Construction Access Property.**” REDCO may exercise its right to use all or any part of the Construction Access Property as and when REDCO deems it necessary or advisable to do so to perform the activities for which this Construction Access Right is granted. After each use of the Construction Access Right, REDCO to the extent reasonably possible shall restore the Construction Access Property to the condition it was in before REDCO’s use.

- 4.1.2 When installing, maintaining or removing the Renewable Energy collector and turbine equipment, whether located on or off of Property, this Construction Access Right also shall permit REDCO to: 1) (for the purpose of securing equipment) travel on foot or in a pickup truck, SUV, small forklift or other similar vehicles onto Property up to seven hundred (700) feet in any direction from the center of the Construction Access Right; and (2) drive an erection crane on Property. REDCO shall be permitted to maintain a 120-foot by 40-foot crane pad at each Turbine location on the Property for purposes of constructing and maintaining the Renewable Energy generating system.

4.2 **Access Right.**

- 4.2.1 Owner grants REDCO the right for unobstructed vehicular and pedestrian ingress to and egress from the Improvements across Owner’s Property, whether the Improvements are located on or off the Property. This right of access is referred to as the “**Access Right**” and the property subject to the burden of this access right is referred to as the “**Access Right Property.**” REDCO shall have the right to travel over, across and along the Access Easement Property by means of existing roads and lanes, and by roads REDCO or Owner may construct or improve from time to time on, over, and across the Access Right Property.

- 4.2.2 Owner reserves the right to use all roads on the Access Right Property provided, however, that Owner shall not and shall not permit others to obstruct or damage the roads or in any other way interfere with REDCO’s rights under this Access Right. If all or a part of the Access Right Property constitutes a part of the width of a larger access easement straddling a property line between Property and the abutting property of another owner, the Owner and REDCO grant the owner of the abutting property an easement over such portion of the Access Right Property for ingress and egress to the abutting property for the conduct of farming activities on the abutting property.

- 4.3 **Renewable Energy Site Lease.** Owner grants REDCO a lease to construct, operate, replace, relocate, remove, and maintain a Renewable Energy Facility, together with associated roads and parking areas on Property. This grant is referred to as the “**Renewable Energy Facility Site Lease**” and each Renewable Energy Site so leased is referred to as a “**Renewable Energy Facility Site Property.**” Such Renewable Energy Facility Site Property must be located at a distance of at least 1,400 feet from habitable dwellings.

- 4.4 **Renewable Energy Collection Facility Lease.** Owner grants REDCO a lease for the construction, operation, maintenance, replacement, relocation or removal of Collection Facilities on and under the Property. This grant is referred to as the “**Renewable Energy Collection Facility Lease**” and the property so leased is referred to as the “**Renewable Energy Collection Facility Property.**” Collection Facilities located on the surface of the Collection Facilities Property shall be limited to above ground collection lines and junction boxes, if any; all other Collection Facilities shall be buried at least forty-eight (48) inches beneath the surface of the Collection Facilities Property.
- 4.5 **Overhang Right.** Owner grants REDCO the right and privilege to permit the Renewable Energy Facility Equipment located on adjacent properties to overhang a portion of the Property (“Overhang Property”) by no more than 30 feet at a height of at least 20 feet above the ground (“Overhang Right”). Owner shall not interfere with the operation of Renewable Energy Facility Equipment that overhangs the Overhang Property.
- 4.6 **Renewable Energy Measuring Equipment Site Lease.** Owner grants REDCO a lease to construct, operate, replace, relocate, remove, and maintain Renewable Energy Measuring Equipment and Collection Facilities on Property. This grant is referred to as the “**Renewable Energy Measuring Equipment Site Lease**” and each site so leased is referred to as a “**Renewable Energy Measuring Equipment Site Property.**”
- 4.7 **Location of Leases.** The locations and routes of the Improvements (as such term is defined in Section 8) for which the Leases are being granted cannot be determined until the completion of REDCO’s inspection, testing, study and surveying of the Property during the Option Term. Along with the Option Notice, REDCO shall deliver to Owner a proposed plan of development showing the contemplated locations and routes of the Improvements, which shall serve as the **Exhibit B** to this Agreement. Prior to installing any Improvements on the Property, REDCO must receive from Owner duly signed and dated **Exhibit “B”** (such approval by Owner to be granted in the spirit of fair dealing and not to be arbitrarily or unreasonably withheld). REDCO shall coordinate the location of the Improvements with Owner to minimize any disruption or inconvenience to Owner and the uses of the Property reserved to Owner in Section 11.4. During the final development and construction of the Renewable Energy Facility, such locations and routes may need to be amended and approved in writing by Owner (such approval by Owner to be granted in the spirit of fair dealing and not to be arbitrarily or unreasonably withheld). Following construction of the Renewable Energy Facility, REDCO shall provide Owner an “as-built” survey of all Improvements on Property, which shall serve as **Exhibit C** to this Agreement. Further, following construction, the Improvements may need to be relocated or rerouted by REDCO, at any time during the Term of this Agreement, so long as the nature and extent of any such relocated or rerouted Leases are not materially different and impose no greater burden on the Property than the original locations routes, and so long as (i) REDCO takes appropriate actions to minimize any disruption or inconvenience to Owner and the uses of the Property reserved to Owner in Section 11.4 and (ii) Owner’s written approval has been received (such

approval by Owner to be granted in the spirit of fair dealing and not to be arbitrarily or unreasonably withheld).

5. **Easements.** Upon the exercise of the Option by REDCO, Owner grants to REDCO, and REDCO accepts from Owner, for the Term referenced in Section 6.1, the following easements over and across the Property in accordance with the terms and conditions of this Agreement. The following easements are for the benefit of REDCO and REDCO's agents, contractors, and employees and located on the Property and are collectively referred to as the "Easements."

- 5.1 **Energy Sources Non-Obstruction Easement.**

- 5.1.1 Owner grants REDCO an irrevocable, exclusive easement for the right and privilege to use, maintain and capture the free and unobstructed solar radiance and wind Energy Sources over and across the Property ("**Energy Sources Non-Obstruction Easement**"). The following legal descriptions shall be set forth in **Exhibit A-2** of this Agreement: (a) a description of the Energy Sources Non-Obstruction Easement property subject to this Agreement; (b) a description of the Energy Sources Non-Obstruction Easement in vertical and horizontal angles; and (c) a description of real property benefiting from the Energy Sources Non-Obstruction Easement. Owner shall not engage in any activity on the Property that might interfere with Energy Sources over any Renewable Energy Collection or Renewable Energy Measuring Equipment Easement Properties, whether located on or off the Property; cause a decrease in the output or efficiency of any Wind Generator, Thermal Collector or accuracy of any Renewable Energy Measurement Equipment; or otherwise interfere with REDCO's operation of the Renewable Energy Collection Facility or exercise of any rights or the Leases granted in this Agreement ("**Interference**"). Owner reserves the right to erect structures on the Property in compliance with all applicable laws and ordinances except as specifically limited in this Agreement. Owner must consult with and obtain REDCO's prior written approval as to the location of all structures greater than forty (40) feet in height and located on thousand (1000) feet or less from any Renewable Energy Collection or Renewable Energy Measuring Equipment. Approval shall be based on whether, in REDCO's sole judgment, informed by appropriate professional engineering and Renewable Energy measurement experts' opinions, the proposed structures at the proposed location are likely to cause Interference.

- 5.1.2 This grant of easement of the Energy Sources Non-Obstruction Easement expressly includes the right of REDCO to enter on any part of the Property to enforce REDCO's rights, including the physical removal of trees or structures (except existing trees and structures) causing Interference to the project contemplated by REDCO. REDCO shall consult with Owner before making any such removals.

- 5.2 **Noise Easement.** Owner grants REDCO an irrevocable, non-exclusive easement for the right and privilege to generate and maintain audible noise levels in excess of fifty (50)dbA on and above the Noise Easement Property at any or all times of the day or

night (“**Noise Easement**”). The “**Noise Easement Property**” shall mean the Property except those portions within a 200-foot radius circle (or lesser distance with Owner’s prior written consent) centered on the inside of each presently existing, occupied residence on the Property. The following legal descriptions shall be set forth in **Exhibit A-3** of this Agreement: (a) a description of the Noise Easement Property; and (b) a description of real property benefiting from the Noise Easement. If noise levels emanating from the Wind Generators, Turbines, or Collection Facilities exceed fifty (50) dbA without the Owner’s written consent as measured within 200 feet (or lesser agreed distance) from the inside of a presently existing residence on the Property by an independent professional applying commonly accepted measurement instruments and standards, REDCO shall reduce the noise level to 50 dbA at 200 feet (or less agreed distance) from the residence. Measures to be taken by REDCO may include installing insulation or sound deadening material in the offending Turbine(s); installing landscaping, insulation, and sound deadening material at the residence; or, changing the operation of the Wind Generators, Turbine(s), or Collection Facilities to reduce noise output.

6. **Term of Agreement.** The term of this Agreement (“**Term**”) includes the Option Term referenced in Section 3.1; and the Easement Term referenced in Section 6.1.

6.1 **Lease & Easement Term.**

6.1.1 The Term of the Leases and Easements and the effective date thereof shall commence on the date specified by REDCO in the Option Notice (“**Commencement Date**”). The Term shall end fifty (50) years after the Commencement Date, unless terminated as provided in this Agreement.

6.1.2 **Delays during Easement Term.** At REDCO’s option, the Term may be extended for a period of time equal to the period of time during which operation of the Renewable Energy Facility is delayed or suspended because of the occurrence of a Regulatory Suspension or Force Majeure, which are defined as follows:

6.1.2.1 **“Regulatory Suspension”** shall mean the enactment or application of any law, order, rule, or regulation of the Public Service Commission, Federal Energy Regulatory Commission, or other local, state, or federal government authority having jurisdiction over the Renewable Energy Facility or REDCO, or the failure of any such governmental authority to issue an approval or permit pursuant to any such law, order, rule, or regulation, which results in the delay, interruption, or suspension of the production, sale or transmission of electricity from the Renewable Energy Facility facilities; and

6.1.2.2 **“Force Majeure”** shall mean causes beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure, including but not limited to acts of God, labor unrest (including, but not limited to, slowdowns, picketing, boycotts or strikes), flood, earthquake, storm, fire, lightning, explosion, power failure or power surge, vandalism, theft, the cutting of power, transmission or other lines, wires or cables

to the Renewable Energy Facility by persons other than Renewable Energy Generation Facility employees, epidemic, war, revolution, riot, civil disturbance, sabotage, change in law or applicable regulation subsequent to the Commencement Date and action or inaction by any federal state or local legislative, executive, administrative judicial agency or body which in any of the foregoing cases, by exercise of due foresight such Party could not reasonably have expected to avoid, and which, by the exercise of due diligence, it is unable to overcome. The Parties shall be excused from performing their respective obligations under this Agreement and shall not be liable in damages or otherwise if and to the extent that they are unable to so perform and are prevented from performing by a Force Majeure, provided that: (i) the non-performing Party, as promptly as practicable after the occurrence of the Force Majeure, but in no event later than thirty (30) days thereafter, gives the other Party written notice describing the particulars of the occurrence; (ii) the suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure; (iii) the non-performing Party uses good faith commercially reasonable efforts to remedy its inability to perform; and (iv) as soon as the non-performing is able to resume performance of its obligations excused as a result of the occurrence, each party shall give prompt written notification thereof to the other Party.

- 6.2 **Termination by REDCO**, REDCO, at its option, shall have the right to terminate this Agreement at any time during the Term of Agreement, as to all or any part of the REDCO Property, which is defined as REDCO's interest in this Agreement and any REDCO Improvements as defined in Section 8. Termination shall be effective sixty (60) days after written notice of such termination to Owner. If REDCO's notice is a full termination of the Agreement relating to the REDCO Property, the Parties shall be relieved of all further duties and obligations under this Agreement, other than (i) the payment of any accrued and unpaid obligations owed by either Party as of the date of termination; (ii) the removal of the Improvements by REDCO pursuant to Section 8.7; and (iii) any other obligations and liabilities that are expressly stated in this Agreement to survive such termination. Upon any such partial termination by REDCO, the Parties shall be relieved of all further duties and obligations under this Agreement with respect to the portion thereof terminated by REDCO, subject to the obligations and liabilities referenced in items (i) through (iii) above that shall continue to be applicable to the terminated portion of this Agreement. Should the REDCO terminate this Agreement, REDCO agrees to leave the Owner's property in a condition similar to or better than the condition of the property prior to the Execution Date of this Agreement. Owner and REDCO agree to execute an amendment to this Agreement evidencing such partial termination.
- 6.3 **Termination by Owner**. Owner, at its option, shall have the right to terminate this Agreement, as to all or any part of the REDCO Property, if at any time following the fifth (5) year after the Option Term or Extended Option Term, REDCO has failed to install any Renewable Energy Facility, Collection Facilities or Roadway Improvements pursuant to the terms of this Agreement. Termination shall be effective sixty (60) days after written

notice of such termination to REDCO. If Owner's notice is a full termination of the Agreement relating to the REDCO Property, the Parties shall be relieved of all further duties and obligations under this Agreement, other than (i) the payment of any accrued and unpaid obligations owed by either Party as of the date of termination; and (ii) any other obligations and liabilities that are expressly stated in this Agreement to survive such termination. Upon any such partial termination by Owner, the Parties shall be relieved of all further duties and obligations under this Agreement with respect to the portion thereof terminated by Owner, subject to the obligations and liabilities referenced in items (i) and (ii) above that shall continue to be applicable to the terminated portion of this Agreement. Should the Owner terminate this Agreement, REDCO agrees to leave the Owner's property in a condition similar to or better than the condition of the property prior to the Execution Date of this Agreement. Owner and REDCO agree to execute an amendment to this Agreement evidencing such partial termination.

7. **Payments.** If REDCO exercises the Option referenced in Section 3, REDCO agrees to pay Owner the amounts set forth in Exhibit D as consideration for the Leases and REDCO's other rights and interests in the Property.
8. **Improvements.** REDCO shall have the right, at its sole cost and expense, to construct, install, maintain, use, operate, repair, replace, relocate and remove all facilities, structures, equipment, machinery, wires, conduit, cables, poles, materials and property of every kind and character required for the construction and operation of portions of the Renewable Energy Construction Facility on the Property, including, but not limited to, the Renewable Energy Collection Equipment, Turbines, Collection Facilities, Renewable Energy Measuring Equipment, and Roadway Improvements referenced in Sections 8.1 through 8.4 (collectively, the "Improvements").
 - 8.1 **"Turbines"** shall mean any steam turbine generator, wind turbine generator, or machine designed for the generation of electrical power from Renewable Energy power, including without limitation, the associated towers, support structures, guy wires, braces and directly related equipment.
 - 8.2 **"Collection Facilities"** shall mean all Improvements whose purpose is to deliver heated thermal fluid to the turbines or electrical power generated by the Turbines to an electrical power grid or other system, including without limitation transformers and overhead and underground electrical collection lines, wind turbines, wind towers, solar arrays, and interconnection facilities.
 - 8.3 **"Renewable Energy Measuring Equipment"** shall mean towers used primarily to gather and transmit Renewable Energy data relating to the Renewable Energy Facility, and includes the tower's foundations, guy wires, Renewable Energy data acquisition equipment, power source, and any required data and electrical transmission lines.

- 8.4 **“Roadway Improvements”** shall mean all improvements that may be necessary to construct, maintain and repair any new and existing roadways and other means of ingress and egress over, across and along the Access Right Property, including paving or surfacing of the roadways with asphalt, gravel or other roadway materials, and the construction and installation of culverts, bridges, drainage ditches, gates, cattle guards and similar structures and facilities. All roads constructed shall be “all weather” roads so as to withstand the elements of the region.
- 8.5 **Ownership of the Improvements.** All Improvements shall at all times remain the property of REDCO, and Owner shall have no right, title or interest therein. All Improvements constructed or placed on the Property by REDCO during the Term of this Agreement may be repaired, replaced, relocated, removed, added to or expanded upon by REDCO at any time during the Term of this Agreement. Owner expressly waives any statutory lien or common law liens on the Improvements to which Owner might be entitled.
- 8.6 **Construction Liens.** REDCO shall not permit any liens arising out of REDCO’s use of the REDCO Property under this agreement to be filed against the REDCO Property. REDCO shall, within sixty (60) days after it receives notice of the lien, provide a bond or other security that Owner may reasonably request, or remove such lien from the REDCO Property in the manner provided by applicable law.
- 8.7 **Removal of Improvements.** Upon full or partial termination of any of the Leases, REDCO shall remove all physical material pertaining to the Improvements from the affected REDCO Property to a depth of thirty-six inches (36”) beneath the soil surface, and restore the area formerly occupied by the Improvements to substantially the same physical condition that existed immediately before the construction of the Improvements or to a condition better than the what existed immediately before the construction of the Improvements (the “Removal Obligations”). If REDCO fails to complete its Removal Obligations within twelve (12) months of full or partial termination of the applicable Easement, Owner may do so, in which case REDCO shall reimburse Owner for costs of fulfilling REDCO’s Removal Obligations incurred by Owner. REDCO shall remediate the land after completion of project construction. Both Parties will agree upon the grass seed used in the remediation.
9. **Ownership and Title Matters.** Owner warrants and represents to REDCO, both as of the Effective Date, and as of the Commencement Date as follows:
- 9.1 **Authority.** Owner is the sole owner of the Property including the REDCO Property and has the unrestricted right and authority to sign this Agreement and to grant REDCO the Leases and Easements and other rights granted in this Agreement. When signed by both parties, this Agreement constitutes a valid and binding agreement enforceable against Owner in accordance with its terms.

- 9.2 **Other Agreements.** The Property is not subject to any other agreements, opinions, rights of first refusal or other prior right of any party to purchase, lease or acquire the Leases and Easements in the Property, or create any prior claim or right that would preclude or interfere with REDCO's rights and interests under this Agreement and the Leases and Easements.
- 9.3 **Minerals.** Owner owns some of the oil, water, gas and other minerals, and the rights thereto as on or under the Property, and will continue to own and have the right to develop such rights during and after the Term of this Agreement and the Lease. The Owner will sell REDCO water on a per gallon basis, when such water is available. REDCO shall be responsible for procuring any needed water for its needs on the Property. REDCO shall compensate Owner for water taken from the Property at the going rate as agreed upon in writing before hand by Owner and REDCO.
- 9.4 **Owner Mortgage.** Except as disclosed by Owner to REDCO at the time of the execution of this Agreement by Owner, there are no mortgages encumbering the Property ("**Owner Mortgage**").
- 9.4.1 **Notice and Opportunity to Cure.** If there is an Owner Mortgage encumbering Property and Owner receives from the holder thereof ("**Owner Mortgagee**") any notice that payments are overdue, Owner shall notify REDCO and each REDCO Mortgagee (as defined at Section 13.1) by sending a copy of such overdue payment notice to REDCO by the earlier of (i) five (5) days after receipt, or (ii) three (3) business days prior to the date by which a default under or in respect of such Owner Mortgage could occur. If REDCO or any REDCO Mortgagee determines that it would be in REDCO's interest to make such payments to Owner Mortgagee on Owner's behalf, whether as a result of receiving such notice or otherwise, REDCO shall have the right to make such payments and credit the payments so made against the Annual Installment Payment next due under the Agreement.
10. **Representations and Warranties of Owner.** Owner hereby makes the following further representations and warranties:
- 10.1 **Physical Condition.** Owner has no actual knowledge of any existing physical conditions of the Property which would prevent, significantly restrict or make more expensive REDCO's development of the Property for the purposes specified in this Agreement, or which could, with the passage of time, or the giving of notice, constitute a violation of any currently applicable governmental law, ordinance, order, rule or regulation.
- 10.2 **Legal Restrictions.** Without having made any specific investigation thereof, and without undertaking to do so, Owner has no actual knowledge of any law, regulation, ordinance or order of any local, state or federal governmental authority that would prohibit or significantly restrict REDCO's development of the Property pursuant to this Agreement. This Agreement does not violate any contract, agreement, instrument, judgment, or order to which Owner is a party or which affects the Property. To the best of Owner's

knowledge, the Property is currently in full and complete compliance with all governmental laws, ordinances, orders, rules and regulations applicable to the Property. It shall be REDCO's responsibility to conduct all environmental, permitting and zoning changes and designations needed to construct and operate a Renewable Energy facility on the Owner's property, pursuant to Section 11.4.5.

- 10.3 **No Litigation.** No litigation is pending and, to the best of Owner's knowledge, no litigation or administrative actions are proposed, threatened or anticipated with respect to any matter affecting the Property. If Owner learns of any litigation or administrative action proposed, threatened or instituted with respect to the Property, Owner shall give REDCO prompt notice thereof.
- 10.4 **Survival.** The representations and warranties set forth in this Section 10 shall survive the execution and delivery thereof.
11. **Representations and Warranties of REDCO.** REDCO hereby makes the following representations and warranties:
- 11.1 **Organization; Good Standing.** REDCO is a Utah corporation validly existing and in good standing under the laws of the State of Utah and has all the requisite power and authority to own, operate and lease its properties, to carry on its business as now being conducted and as proposed to be conducted and to enter into this Agreement and consummate the transactions contemplated hereby.
- 11.2 **Authorization.** REDCO has taken all actions required by law, its organizational documents or otherwise, to authorize the execution and delivery of this Agreement and the transactions contemplated hereby, and this Agreement is a valid and binding agreement of REDCO enforceable against it in accordance with its terms and conditions.
- 11.3 **No Violations.** The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not (i) conflict with or result in any violation of or constitute a default under the certificate of formation or company agreement of REDCO; (ii) violate any statute, ordinance, rule, regulation, order or decree of any court or of any public, governmental or regulatory body, agency or authority applicable to REDCO or by which any of its properties or assets may be bound; or (iii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, franchise, permit, agreement or other instrument or obligation to which REDCO is party, or by which it or any of its properties or assets may be bound.
- 11.4 **Required Approvals.** No approval, authorization, order, registration or qualification of or with any court or governmental authority is required for the consummation of the transactions contemplated herein by REDCO and no consent of any person is required.

12. **Use, Operation and Maintenance.**

12.1 **Exclusive Use by REDCO.** Subject to the limitations in Sections 12.3 and 12.4, REDCO shall have the exclusive right (i) to use and possess the REDCO Property in connection with the Renewable Energy Facility and other similar Renewable Energy electrical power generation projects; (ii) to investigate, inspect, survey, and conduct tests of the Property, including, but not limited to, Renewable Energy measuring equipment and environmental, archeological and geotechnical tests and studies; (iii) to use and convert all of the Energy Source resources on the Property; and (iv) to undertake such other activities on the Property that may be related to the Renewable Energy Facility, including, without limitation, the storage of towers, materials and equipment during the installation and construction of the Collection facilities and other Improvements; development and operation of communications systems; and site tours of the Renewable Energy Facility for visitors and other interested parties.

12.2 **No Required Installation or Operation.** Nothing in this Agreement shall be interpreted as imposing on REDCO any obligation to install Renewable Energy Facilities or other Improvements on the Property, or to operate the Renewable Energy Facility on the Property. REDCO shall have the sole discretion of determine if and when any Renewable Energy Facility and other Improvements may be constructed on the Property, and if and when to commence the operation of the Renewable Energy Facility on the Property.

12.3 **Limitations on Use during Option Term.** During the Option Term, REDCO's use and possession of the Property shall be limited to the uses described in Section 3.6. During such Option Term, the only Improvements that may be constructed or installed on the Property are the Renewable Energy Measuring Equipment.

12.4 **Uses Reserved by Owner.** Owner expressly reserves the right to use Property for all other purposes not granted to REDCO under this Agreement, including ranching and agricultural uses, and all recreational uses and mineral development, provided that no such other use interferes in any way with REDCO's use of the REDCO Property under this Agreement, including the joint use of roadways now and hereafter located on the Access Right Property. Any and all negotiations required shall be done in the spirit of fairness and shall be constructed in a simple, straightforward manner. Owner's reserved rights are further made subject to the following conditions, requirements and limitations:

12.4.1 **Ranching & Agricultural Uses.** Owner and REDCO agree to cooperate with each other in a manner that allows Owner to continue the current ranching and agricultural uses of the Property in a manner that does not unreasonably interfere with REDCO's use of the REDCO Property.

12.4.2 **Hunting.** All hunting on the property leased to the REDCO through this Agreement shall be prohibited. Owner participation in a Cooperative Wildlife Management Unit (CWMU)

may continue until construction of a renewable energy project on Owner's property begins. Owner may continue hunting on that portion of land not within 1000 feet of any REDCO construction activity and owner will be responsible for any damage caused by such hunting. REDCO shall assume the responsibility of displaying adequate signage warning others of the hunting prohibition.

- 12.4.3 **Recreational Uses.** Owner may allow Owner's guests to use REDCO Property, except the Renewable Energy Facility and Renewable Energy Measuring Equipment Properties, for recreational purposes except at times or under circumstances that adversely affect public health and safety or operation and safety of the Improvements. If Owner uses snowmobiles or other all terrain vehicles in the vicinity of the REDCO Property, it shall take such reasonable precautions so as to ensure the safety of Owner's guests, REDCO's site personnel, and the protection of Improvements on the REDCO Property during and after construction of the Renewable Energy Facility.
- 12.5 **Permits and Approvals.** REDCO shall be responsible, at its sole cost and expense, for obtaining any governmental permits and approvals, necessary for the construction and operation of the Renewable Energy Facility and the construction and operation of the Improvements, including complying with the provisions of State Laws. Owner shall cooperate with REDCO as necessary to obtain any governmental or utility approvals or permits, including, without limitation, signing any applications, provided that REDCO shall reimburse Owner for all its reasonable out-of-pocket expenses directly incurred in connection with such cooperation.
- 12.6 **Compliance with Laws.** REDCO shall comply in all material respects with valid laws applicable to the Property and the REDCO Property. REDCO shall have the right, in its sole discretion and at its sole expense, in REDCO's name or Owner's name, to contest the validity or applicability to the Property and the REDCO Property of any law, ordinance, statute, order, regulation, property assessment or the like made by any governmental agency or entity. REDCO shall control any such contest and Owner shall cooperate with REDCO in every reasonable way in such contest, at no out-of-pocket expense to Owner.
- 12.7 **No Interference.** During the Term of this Agreement, Owner covenants and agrees that neither Owner nor its agents, lessees, invitees, guests, licensees, successors or assigns will (i) interfere with, impair or prohibit the free and complete use and enjoyment by REDCO of all rights granted by this Agreement; (ii) take any action which will interfere with or impair the availability, accessibility, frequency, or direction of Energy Sources over and above the Property; (iii) take any action which will in any way interfere with or impair the transmission of electric, electromagnetic or other forms of energy to or from the Property; or (iv) take any action which will interfere with or impair REDCO's access to the Property and the REDCO Property for the purposes specified in this Agreement.
- 12.8 **Care and Appearance.** REDCO, in its exercise of the easement and other rights granted hereunder shall, at all times, maintain the Property and the Improvements in a

reasonably neat, clean and presentable condition, consistent with its current usage. REDCO shall not willfully or negligently damage or destroy the Property. REDCO shall keep the Property clean and free of debris created by REDCO, its contractors, or others brought onto the Property by REDCO. REDCO shall not use the Property for storage, except for materials, construction equipment and vehicles directly associated with construction or maintenance of the Improvements on the Property or adjacent properties that are part of the Renewable Energy Facility.

- 12.9 **Fences and Gates.** Within a reasonable time following Owner's request, REDCO shall repair or replace any fences, gates or cattle guards damaged or removed in connection with REDCO's activities on the Property. Fences removed from the Property, if replaced, shall be re-built by REDCO at its expense in mutually agreeable locations. All fences, gates, and cattle guards that need to be replaced by REDCO shall be of similar type and materials to the ones removed. Once completed, all replacement fences, gates and cattle guards shall be owned and maintained by Owner. To minimize the need for temporary fencing, Owner will cooperate with REDCO to avoid pasturing animals on or near the Improvements during periods of construction, maintenance or removal activity by REDCO.
- 12.10 **Roadway Maintenance and Repairs.** REDCO agrees to maintain and repair all Roadway Improvements located on the Access Easement for the joint use thereof by REDCO and Owner for ingress and egress over, across, and along the Access Easement; provided, however, Owner shall reimburse REDCO for any costs and expenses incurred by REDCO to repair any damage or perform any special maintenance of the roadway caused by Owner or any person using the roadway with Owner's permission, other than REDCO. All roads constructed shall meet a standard agreed upon by both Parties. All roads constructed shall be all-weather roads to withstand seasonal climate conditions.
- 12.11 **Remediation of Glare.** REDCO Agrees that should Owner experience problems with glare or shadow flicker in Owner's house associated with the presence of the Renewable Energy Facility on the Property or adjacent properties, REDCO will promptly investigate the nature and extent of the problem and the best methods of correcting any problems found to exist. REDCO at its expense, with agreement of Owner, will then promptly undertake measures such as tree planting or installation of awnings necessary to mitigate the offending glare.
13. **Taxes.**
- 13.1 **REDCO's Taxes.** Owner and REDCO agree that San Juan County shall separately assess and collect taxes for Owner's Property and REDCO Property. REDCO shall pay all taxes due on the REDCO Property pursuant to this Agreement ("**REDCO's Taxes**"), and Owner shall pay all taxes due on Owner's Property to the appropriate taxing authority prior to delinquency.

- 13.2 **REDCO's Right to Contest.** REDCO may contest the legal validity or amount of any REDCO's Taxes for which it is responsible under the Agreement, and may institute such proceedings as it considers necessary, provided that REDCO shall bear all expenses in pursuing such contest or proceeding. REDCO's Taxes shall not constitute a lien on Owner's Property. REDCO shall promptly pay such Taxes unless the proceeding in which it contests such Taxes shall operate to prevent or stay the collection of the Taxes so contested or unless REDCO removes any such lien by bonding or otherwise. Owner agrees to render to REDCO all reasonable assistance in contesting the validity or amount of any such Taxes, including joining in the signing of any reasonable protests or pleading which REDCO may deem advisable to file; provided, however, that REDCO shall reimburse Owner for its reasonable out-of-pocket expenses, including reasonable attorney's fees incurred in connection with providing such assistance.
14. **Mortgage of REDCO Property.**
- 14.1 **Right to Mortgage.** REDCO may, upon notice to Owner, but without requiring Owner's consent of approval, mortgage, collaterally assign, or otherwise encumber and grant security interests in all or any part of its interests in the REDCO Property. These various security interests in all or a part of the REDCO Property are collectively referred to as an "REDCO Mortgage" and holder of such security interest, an "REDCO Mortgagee." Any REDCO Mortgagee shall use the REDCO Property only for the uses permitted under this Agreement. Whenever REDCO has granted a security interest under this Section 14, it will give Owner notice of the REDCO Mortgage (including the name and address of the REDCO Mortgagee for notice purposes), provided that failure to give this notice shall not constitute a default under this Agreement, but rather shall only have the effect of not binding Owner to provide such REDCO Mortgage notice until its address is given to Owner. REDCO shall have no power to encumber Owner's interest in the Property and shall only be able to mortgage, collaterally assign or otherwise encumber and grant security interests in all or a part of the REDCO property, as defined in Section 6.2, as REDCO's interest in this Agreement and its Improvements.
- 14.2 **Notice of Default and Opportunity to Cure.** As a precondition to exercising any rights or remedies related to any alleged default by REDCO under this Agreement, Owner shall give written notice of the default to each REDCO Mortgagee at the same time it delivers notice of default to REDCO, specifying in detail the alleged event of default and the required remedy. Each REDCO Mortgagee shall have the right to cure any default as REDCO, and/or the right to remove any Improvements or other property owned by REDCO or such REDCO Mortgagee located on the Property to the same extent as REDCO. The cure period for any REDCO Mortgagee shall be the latest of (i) the end of the REDCO cure period; (ii) thirty (30) days after such REDCO Mortgagee's receipt of the default notice; or (iii) if applicable, the extended cure period provided for in Section 14.3. Failure by Owner to give an REDCO Mortgagee notice of default shall not diminish Owner's rights against REDCO, but shall preserve all rights of the REDCO Mortgagee to

cure any default and to remove any Improvements or other property of REDCO or the REDCO Mortgagee located on the Property.

- 14.3 **Extended Cure Period.** If any default by REDCO under this Agreement cannot be cured without the REDCO Mortgagee obtaining possession of all or part of the REDCO Property, then any such default shall be deemed remedied if a REDCO Mortgagee: (i) acquires possession of all or part of the REDCO Property, or begins to appropriate judicial or non-judicial proceedings to obtain the same within sixty (60) days after receiving notice from Owner as set forth in Section 14.2; (ii) diligently prosecutes any such proceedings to completion; and (iii) after gaining possession of all or part of the REDCO Property performs all other obligations as and when the same are due in accordance with the terms of this Agreement. If an REDCO Mortgagee is prohibited by any court or by operation of any bankruptcy or insolvency laws from commencing or prosecuting the proceedings described above, the sixty (60) day period specified above for commencing proceedings shall be extended for the period of such prohibition.
- 14.4 **REDCO Mortgagee Liability.** Any REDCO Mortgagee whose interest in the REDCO Property is held solely for security purposes shall have no obligation or liability under this Agreement unless and until the REDCO Mortgagee succeeds to absolute title to the REDCO Property and the rights of REDCO under this Agreement. An REDCO Mortgagee shall be liable to perform obligations under this Agreement only for and during the period it directly holds such absolute title.
- 14.5 **Certificates & Other Documents.** Owner shall execute any estoppel certificates (certifying as to truthful matters, including without limitation that no default then exists under this Agreement, if such be the case), consents to assignment and non-disturbance agreements as REDCO or any Mortgagee may reasonably request from time to time. Owner and REDCO shall conduct all negotiations in good faith, in the spirit of fairness.
- 14.6 **REDCO's Mortgagee's right to Enforce Mortgage & Assign.** Each REDCO Mortgagee shall have the right, in its sole discretion: (i) to assign its REDCO Mortgagee; (ii) to enforce its lien and acquire title to all or any portion of the REDCO Property by any lawful means; (iii) to take possession of and operate all or any portion of the REDCO Property and to perform all obligations to be performed by REDCO under this Agreement, or to cause a receiver to be appointed to do so; and (iv) to acquire all or any portion of the REDCO Property by foreclosure or by an assignment in lieu of foreclosure and thereafter, without Owner's consent, to assign or transfer all or any portion of the REDCO Property to a third party. Any REDCO Mortgagee or other party who acquires REDCO's interest in the REDCO Property pursuant to foreclosure or assignment in lieu of foreclosure shall not be liable to perform the obligations imposed on REDCO by this Agreement that are incurred or accruing after such REDCO Mortgagee or other party no longer has ownership or possession of the REDCO Property.
- 14.7 **New Agreement.** If the REDCO Property is foreclosed upon or there is an assignment in lieu of foreclosure, or if this Agreement is rejected or disaffirmed pursuant to

bankruptcy law or other law affecting creditor's rights and, within ninety (90) days after such event, REDCO or any REDCO Mortgagee or other purchaser at a foreclosure sale shall have arranged to the reasonable satisfaction of Owner for the payment of all Annual Installment Payments or other charges due and payable by REDCO as of the date of such event, then Owner shall execute and deliver to REDCO or such REDCO Mortgagee or other purchaser at a foreclosure sale, or to a designee of one of these parties, as the case may be, a new agreement ("**New Agreement**") which (i) shall be for a term equal to the remainder of the Term of this Agreement before giving effect to such rejection or termination; (ii) shall contain the same covenants, agreements, terms, provisions and limitations as this Agreement (except for any requirements that have been fulfilled by REDCO or any REDCO Mortgagee or other purchaser at a foreclosure sale prior to rejection or termination of this Agreement); and (iii) shall include that portion of the REDCO Property in which REDCO or such other REDCO Mortgagee or other purchaser at a foreclosure sale had an interest on the date of rejection or termination. If more than one REDCO Mortgagee makes a written request for a New Agreement pursuant to this provision, the New Agreement shall be delivered to the REDCO Mortgagee requesting such New Agreement whose REDCO Mortgage has lien priority, and the written request of any other REDCO Mortgagee whose lien is subordinate shall be void and of no further force or effect. The provisions of this Section 14.7 shall survive the termination, rejection or disaffirmation of this Agreement and shall continue in full force and effect thereafter to the same extent as if this Section 14.7 were a separate and independent contract made by Owner, REDCO and each REDCO Mortgagee, and, from the effective date of such termination, rejection or disaffirmation of this Agreement to the date of execution and delivery of such New Agreement, such REDCO Mortgagee or other purchaser at a foreclosure sale may use and enjoy the REDCO Property without hindrance by Owner or any person claiming by, through or under the Owner; provided that all of the conditions for the New Agreement as set forth above are complied with.

- 14.8 **REDCO Mortgagee's Consent to Amendment Termination or Surrender.** The Parties agree that so long as any REDCO Mortgage remains outstanding, this Agreement shall not be modified or amended, and Owner shall not accept a surrender, cancellation or release of all or any part of the REDCO Property from REDCO, prior to expiration of the Term of this Agreement, without the prior written consent of the REDCO Mortgagee holding such REDCO Mortgage. This provision is for the express benefit of and shall be enforceable by each REDCO Mortgagee as if it were a party named in this Agreement. However, this provision shall not be applicable if Owner exercises its rights pursuant to Section 6.3.
15. **Assignment and Sublease.** REDCO shall have the right, without Owner's consent, to sell, convey, lease, or assign all or any portion of the REDCO Property, on either an exclusive or a non-exclusive basis, or to grant subleases, co-leases, leases, licenses or similar rights with respect to the REDCO Property (collectively, "**Assignment**"), to one or more persons or entities (collectively, "**Assignee**"). Each Assignee shall use the REDCO

Property only for the uses permitted under this Agreement. When REDCO Makes any Assignment under this Section 15, REDCO shall give notice to Owner of such Assignment (including the interest conveyed by the Assignment and address of the Assignee for notice purposes to Owner) provided REDCO's failure to give such notice shall not constitute a default under this Agreement, but rather shall only have the effect of not binding Owner with respect to such assignment or conveyance until such notice is given. Any Assignment by REDCO shall release REDCO from obligations subject thereof accruing after the date that liability for such obligations is assumed by the Assignee.

16. **Hazardous Materials.**

16.1 **Owner's Covenants Regarding Hazardous Materials.** Owner represents and warrants that, to the best of Owner's knowledge, the Property is not and has not been in violate of any federal, state, or local environmental health or safety laws, statute, ordinance, rule, regulation or requirement ("**Environmental Laws**"), and Owner has not received any notice or other communication from any governmental authorities alleging that the Property is in violate of any Environmental Laws. "**Hazardous Materials**" shall mean any material containing asbestos, petroleum, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances, or toxic substances under any federal, state, or local law or regulation. Owner represents and warrants that, except as disclosed to REDCO in writing, to the best of Owner's knowledge, no underground storage tanks and no Hazardous Materials are or were located on the Property during or prior to Owner's ownership of the Property. Owner shall not violate in a material way any Environmental Law relating to the Property.

16.2 **REDCO's Covenants Regarding Hazardous Materials.** REDCO shall comply with all Environmental Laws and shall, at REDCO's sole cost and expense, promptly take removal or remedial action required by Environmental Laws with regard to any Hazardous Materials brought onto the Property by REDCO or its employees, agents, or contractors of any Environmental Laws. Owner shall cooperate with REDCO with regard to any scheduling or access to the Property in connection with any action required hereunder.

16.3 **REDCO's Indemnity Regarding Hazardous Materials.** REDCO shall indemnify, defend, protect and hold Owner harmless from any liability based on: (i) the release of Hazardous Materials in, on, under or about the Property caused by REDCO or its employees, agents or contractors, or (ii) the violation by REDCO or its employees, agents, or contractors. Owner shall cooperate with REDCO with regard to any scheduling or access to the Property in connection with any action required hereunder.

17. **Indemnity and Insurance.**

17.1 **Indemnity by REDCO.** REDCO shall defend, indemnify, protect and hold Owner harmless from and against all liabilities, costs, expenses, obligations, losses, damages, claims, including reasonable attorneys' fees (collectively "**Liability**"), resulting from the negligence, willful misconduct, or breach of this Agreement by REDCO, its agents,

contractors or employees, invitees, licensees and permittees; provided, however, that such Liability is not due to any negligence, willful misconduct, or breach by Owner, its agents, contractors or employees, invitees, licensees or permittees. Furthermore, REDCO shall defend, indemnify, protect and hold Owner harmless from and against all liabilities, costs, expenses, obligations, losses, damages, claims, including reasonable attorneys' fees resulting from the actions brought against Owner by Owners neighbors because of the Improvements or the Renewable Energy Facility, including, but not limited by, actions from the resulting noise, glare or damage to the Property or surrounding properties because of the Improvements or the Renewable Energy Facility.

17.2 **Indemnity by Owner.** Owner shall defend, indemnify, protect and hold REDCO harmless from and against all Liability resulting from the negligence, willful misconduct, or breach of this Agreement by Owner, its agents, contractors or employees, invitees, licensees and permittees; provided, however, that such Liability is not due to any negligence, willful misconduct, or breach by REDCO, its agents, contractors, employees, invitees, licensees, or permittees.

17.3 **Insurance by REDCO.** Prior to any use of the Property as set forth in Section 3.6 and thereafter, REDCO shall, at its expense, continually maintain a liability insurance policy in the amount of not less than \$1 million, under which Owner shall be named as an additional insured for personal injuries and property damage for which REDCO is legally liable. REDCO shall cause Owner to receive notice of all extensions, modifications, and payments of premium of said insurance.

17.4 **Survival.** The obligations of the Parties under this Section 17 shall survive expiration or another termination of this Agreement.

18. **Confidentiality.** This Agreement includes confidential and proprietary information relating to REDCO and the Renewable Energy Facility. In addition, from time to time REDCO may deliver to owner additional confidential and proprietary information relating to the Renewable Energy Facility ("**Additional Information**"). Subject to any applicable state or federal law, Owner agrees not to provide copies of the Agreement or additional information or disclose the terms of the Agreement or additional information, in whole or in part, to any person or entity, except as expressly authorized in this Section 18. REDCO authorizes Owner to provide copies of the Agreement and additional information and disclose the terms thereof to Owner's family, attorney, accountant, financial advisor and any existing or prospective mortgagee, lessee, or purchaser, so long as they likewise agree not to provide copies of the Agreement or additional information or disclose the terms thereof to any unauthorized person or entity.

19. **Default and Remedies.**

19.1 **REDCO Payment Default.** If REDCO shall fail to pay any amounts set forth in **Exhibit D** which failure continues for more than thirty (30) days from receipt of written notice

from Owner that such amount is due, then REDCO shall be in default (“**REDCO Payment Default**”) and Owner shall have the following remedies:

- 19.1.1 **Collection of Payments.** With or without terminating this Agreement, Owner may pursue any and all action or remedies that may be available to Owner at law or in equity, against REDCO to collect any unpaid amounts set forth in **Exhibit D** together with interest thereon that accrues during the continuance of the REDCO Payment Default, calculated at a rate (“**Default Rate**”) which is the lesser of (i) the prime interest rate at The Chase Manhattan Bank (or its successor) plus two percent (2%) per month, or (ii) the maximum lawful rate. Owner shall also be entitled to recover all court costs and reasonable attorneys’ fees that may be incurred by Owner in collecting such amounts.
- 19.1.2 **Terminate Agreement.** Owner may not terminate this Agreement because of any REDCO Payment Default without first giving REDCO written notice of its intention to terminate the Agreement (“**Termination Notice**”), to be effective on a date to be specified by Owner that is at least thirty (30) days after the date of the Termination Notice. If, by the date specified in the Termination Notice, REDCO fails to pay the amount required to cure the REDCO Payment Default (including interest at the Default rate that accrues during the continuance of the REDCO Payment Default), Owner’s termination of this Agreement shall become effective on the date specified in the Termination Notice. Upon such Termination, the Parties shall be relieved of all further duties and obligations under this Agreement, other than (i) the payment of any accrued and unpaid obligations owed by either Party as of the date of termination (including the amount owed by REDCO with respect to the REDCO Payment Default and interest payable with respect thereto); (ii) the removal of the Improvements by REDCO pursuant to Section 8.7; and (iii) any other obligations and liabilities that are expressly stated in this Agreement to survive such termination. Owner’s right to terminate this Agreement pursuant to this Section 19.1.2 is subject to and conditioned upon Owner giving any REDCO Mortgagee written notice and opportunity to cure the REDCO Payment Default as provided in Section 14.2.
- 19.2 **Other REDCO Default.** The breach by REDCO of any provision hereof, other than an REDCO Payment Default as set forth in Section 19.1 (“**Other REDCO Default**”), may result in a cause of action by owner under applicable law and all action or remedies that may be available to Owner at law or in equity, including but not limited to all loss or damage, but excluding future lease payments, which Owner may suffer by reason of a REDCO’s breach of this Agreement, other than as set forth in this Section 19.2. In the event of any such breach by REDCO, Owner shall, at least thirty (30) days prior to commencing any cause of action, give written notice of the cause of the breach to REDCO, and any REDCO Mortgagee (of which it has been notified in writing) concurrently, specifying in detail the alleged event of breach and the required remedy. If REDCO does not cure or commence curing such breach within thirty (30) days of receipt of notice, the REDCO Mortgagee shall have the absolute right to substitute itself for REDCO and perform the duties of REDCO hereafter for the purposes of curing such

- 20.3 **Change of Recipient or Address.** Either party may, by notice given at any time or from time to time, require subsequent notices to be given to another individual person, whether a party or an office or representative, or to a different address, or both. Notices given before actual receipt or notice of change shall not be invalidated by the change.
21. **Miscellaneous Provisions.**
- 21.1 **Successors & Assigns.** The terms and provisions of this Agreement shall run with the land and be binding on and inure to the benefit of the heirs, successors, assigns, and personal representatives of the Parties. REDCO in its discretion may authorize other persons or entities to use the REDCO Property for the purposes stated in this Agreement.
- 21.2 **Memorandum.** Simultaneously with the execution of this Agreement, Owner and REDCO agree to execute and acknowledge a memorandum of this Agreement satisfactory in form and substance to REDCO and Owner. Owner consents to the recordation of the interest of any REDCO Mortgage or Assignee in the REDCO Property.
- 21.3 **Entire Agreement.** This Agreement and the attached Exhibits shall constitute the entire agreement between the Parties and supersedes all other prior writings and understandings.
- 21.4 **Amendments.** This Agreement shall not be amended or modified in any way except by an instrument signed by Owner and REDCO and consented to by any REDCO Mortgagee. The Parties hereto shall at all times hereafter execute any documents and do any further acts which may be necessary or desirable to carry out the purposes of this Agreement and to give full force and effect to each and all of the provisions hereof. Owner and REDCO shall conduct all negotiations in good faith, in the spirit of fairness.
- 21.5 **Legal Matters.** This agreement shall be governed by and interpreted in accordance with the then existing laws of the State of Utah where the Property is located shall be considered the proper forum and jurisdiction for any disputes arising in connection with this Agreement. The parties agree to first attempt to settle any dispute arising out of or in connection with this agreement by good-faith negotiation. If the parties are unable to resolve amicably any dispute arising out of or in connection to this agreement, The Parties agree to mediate and each Party shall bear the costs of their own expenses, legal and otherwise. Each party waives all right to trial by jury and specifically agrees that a trial of suits or causes of action arising out of this agreement shall be to the Court. Time is of the essence with regard to the terms and conditions of this agreement.
- 21.6 **Severability.** If any term or provision of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be determined by judicial order or decision to be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances, other than those as

to which it is held to be invalid, shall be enforced to the fullest extent permitted by law. The parties agree to amend this agreement or modify the rights granted herein in order to comply with all applicable laws and to grant to REDCO the rights to the extent necessary to construct, operate and maintain the Improvements as contemplated herein.

- 21.7 **Tax Credits.** If under applicable law REDCO becomes ineligible for any tax credit, benefit or incentive for alternative energy expenditure established by any local, state or federal government, then, at REDCO's option, Owner and REDCO shall amend this Agreement or replace it with a different instrument so as to convert REDCO's interest in the REDCO Property to a substantially similar interest that makes REDCO eligible for such tax credit, benefit or incentive, so long as Owner's interests are not impaired. Owner and REDCO shall conduct all negotiations in good faith, in the spirit of fairness.
- 21.8 **Approvals.** Whenever in this Agreement the approval or consent of either Party is required or contemplated, unless otherwise specified, such approval or consent shall not be unreasonably withheld or delayed.
- 21.9 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute a single instrument.
- 21.10 **Option to Convert.** During the Term of the Leases and Easements granted herein, Owner grants to REDCO the option to convert the Leases herein contained to easements, or the Easements to leases, as determined by REDCO in its sole discretion. REDCO may exercise such option by giving the Owner thirty (30) days written notice of its intent to exercise such option. The terms and conditions of such easements and/or leases shall be the same as the terms and conditions of the Leases and Easements, including the annual payments as set forth in **Exhibit D** of this Agreement.
- 21.11 **Attorneys' Fees.** The prevailing party in any arbitration or litigation undertaken in connection with any default or indemnity under this Agreement shall be entitled to be paid its reasonable costs and attorneys' fees incurred in connection therewith by the losing party, including such costs and fees as may be incurred on appeal.

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This Renewable Energy Lease Option Agreement is dated as of the Effective Date set forth above.

Owner: **John Edward Roring and Corinne Nielson Roring Revocable Living Trust,**
dated December 28, 1992

By: 
Name: Corinne Nielson Roring
Its: Trustee
Date: July 29th, 2010

REDCO: **Renewable Energy Development Corporation**

By: 
Name: Ryan Davies
Its: President & CEO
Date: July 29, 2010

EXHIBIT A-1

Legal Description of Property

Section 14; T32S R24E SLBM, S 1/2 NW 1/4 , SW 1/4

Section 22; T32S R24E SLBM, S 1/2

Section 23; T32S R24E SLBM, W 1/2

Section 26; T32S R24E SLBM, W 1/2 W 1/2

Section 27; T32S R24E SLBM, ALL OF SECTION 27

Section 28; T32S R24E SLBM, N 1/2

Section 33; T32S R24E SLBM, E 1/2

Section 34; T32S R24E SLBM, N 1/2, N 1/2 SW 1/4, SW 1/4 SW 1/4

EXHIBIT A-2

Legal Description of Renewable Energy Facility Non-Obstruction Easement Property and Description of Energy Source Non-Obstruction Easement in Vertical and Horizontal Angles & Legal Description of Real Property Benefiting from Energy Source Non-Obstruction Easement To be Delivered with Option Notice

EXHIBIT A-3

Legal Description of Noise Easement Property and Legal Description of Real Property Benefiting from Noise Easement To be delivered with Option Notice

EXHIBIT B

Preliminary Lease & Easement Plan To be Delivered with Option Notice

EXHIBIT C

As Built Lease & Easement Plan

EXHIBIT D

Easement Compensation

- 1) **Signing Bonus.** REDCO shall pay to Owner a bonus of Two Thousand Dollars (\$2,000.00) within 30 days of the execution date of this contract.
- 2) **Annual Installments Payments”** means the amounts that are paid to Owner annually for the Leases. The amounts paid to Owner for the Renewable Energy Measuring Equipment Easement shall be paid to Owner annually, but the amount shall be separate from the other Leases.
- 3) **Minimum Megawatts Installed –** REDCO will make its best effort to build as many megawatts of Renewable Energy on the Owner’s land as is practical.
- 4) **Purchase Price for Leases.** The Annual Installment Payments for the Leases and Easements [Construction, Access, Turbine, Collection, Wind Non-Obstruction, Noise and Overhang] shall be \$3,000.00 per 1.0 megawatt (“**MW**”) nameplate rated Turbine or Solar Facility (Annual Minimum Rent (AMT) or Percentage of gross revenue Lease Rate:

Subject to the lease termination provisions, REDCO agrees that Owner shall receive either an Annual Minimum Rent (AMR) or a lease rate (percentage of gross revenue), whichever is greater, according to the following schedule:

Payments to Owner:

Annual Minimum Rent (AMR):	\$3,000/MW/year	each year
Lease Rate:	2.0% of gross revenue ¹	years 1-10
	3.0% of gross revenue ¹	years 11-15
	3.5% of gross revenue ¹	years 16-20
	4.0% of gross revenue ¹	years 21-end of lease

REDCO will provide and Owner shall receive an annual report of installed nameplate rated Turbine Capacity and Gross Revenue annually on or before January 1 of each year lease payments are due to Owner. Annual Installment Payments for partial years shall be prorated based on the number of days in the partial year included in

¹ Gross Revenue is defined as the total selling price of electric power received by REDCO, its successors, mortgagees, or assigns, and includes, as created by the project, any production tax credits, green credits, CO₂ cap and trade credits, or like or similar benefits, assessments, credits, or allotments, as received by REDCO, its successors, mortgagees, or assigns.

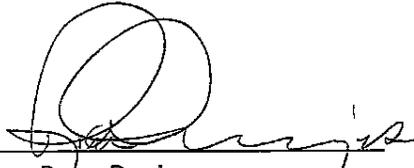
the Term. If a part of the Improvements is removed before the end of the Term, future Annual Installment Payments due on the purchase price of the Leases shall be reduced by the amount attributable to the Improvements removed. If a part of the Improvements remains after the end of the Term, REDCO shall continue to make Annual Installment Payments at the rate paid for the last year of the Term until REDCO's Removal Obligations are fulfilled ("**Removal Date**"). However, such payments shall not excuse REDCO from its Removal Obligations, nor extend the time for REDCO to comply with such Removal Obligations. Upon written request and upon execution of an appropriate confidentiality agreement, Owner and its representatives, accountants and legal counsel shall have the right to audit or review REDCO's books and records to verify payments made pursuant to this Agreement. If the audit reveals an error in excess of 5% of the annual revenues to Owner, then REDCO shall pay for the expense of the audit.

- 5) **Timing of Payments.** The signing bonus will be paid within sixty (60) days of mutual execution of this Agreement. Payments for the first partial year of the Term shall be made on the Commencement Date. All subsequent Annual Installment Payments shall be due on or before January 15th of the subsequent calendar year or partial calendar year to which they are attributable during the Term. For example purposes only, Annual Installment Payments for the 2009 calendar year shall be due on or before January 15, 2010. After REDCO delivers **Exhibit C** to Owner, any necessary payment adjustments shall be paid within thirty (30) days by REDCO or credited against the next payment due from REDCO to Owner.
- 6) **Collections Facilities** Any payments for the Collections Facilities shall be included in the amount specified in Item 4 of this Exhibit D. In the event that REDCO does not install any Renewable Energy Facilities on Property, but installs Collection Facilities, then REDCO shall pay to Owner the one-time first year sum of \$600.00 per acre used for Collection Facilities. After the first year, REDCO will pay Owner \$100 per acre, used for the collection facilities, per year for the term of lease. If REDCO does not extend the Option after the third year REDCO will provide the wind data collected on Owners property to Owner.
- 7) **Access.** In the event that REDCO does not install any Collection Facilities on Property, but installs Roadway Improvements, then REDCO shall pay to Owner the sum of \$500.00 per acre used for Roadway Improvements annually.
- 8) **Payments for Extended Use of Leases.** If REDCO continues to use the Access Right, Renewable Energy Collection Lease, Non-Obstruction Easement, Noise Easement and Overhang right after the end of the Term, REDCO shall pay Owner the then fair market value of the Access Right, Collection Lease, Energy Source Non-Obstruction Easement, Noise Easement and Overhang Right determined by agreement of the parties. If REDCO does not continue to use any or all of these Leases or Easements, REDCO shall provide evidence of termination.

Owner: John Edward Roring and Corinne Nielson Roring Revocable Living Trust,
dated December 28, 1992

By: 
Name: Corinne Nielson Roring
Its: Trustee
Date: July 29th, 2010

REDCO: Renewable Energy Development Corporation

By: 
Name: Ryan Davies
Its: President & CEO
Date: 7-29-10

25-

WHEN RECORDED, RETURN TO:

Jeff Sivertsen
REDCO
922 West Baxter Dr., Suite 200
South Jordan, Utah 84095

Ent 110763 Bk 920 Pg 538-540
Date: 04-AUG-2010 10:54AM
Fee: \$25.00 Check
Filed By: LCJ
LOUISE JONES, Recorder
SAN JUAN COUNTY CORPORATION
For: REDCO

MEMORANDUM OF RENEWABLE ENERGY LEASE OPTION AGREEMENT

This Memorandum of Renewable Energy Lease Option Agreement is entered into as of the 29th day of July, 2010, by and between Corinne Nielson Roring, Trustee of the John Edward Roring and Corinne Nielson Roring Revocable Living Trust, dated December 28, 1992, ("Owner") and Renewable Energy Development Corporation ("REDCO").

1. Premises. For sufficient consideration received, and the terms and conditions more particularly set forth in that certain Renewable Energy Lease Option Agreement dated July 29th, 2010, entered into by and between Owner and REDCO ("Agreement"), Owner leases to REDCO that certain real property located in San Juan County, State of Utah and more particularly described on Exhibit "A-1" attached hereto and by this reference made a part hereof (the "Premises").

2. Term. Pursuant to the Agreement, the Option Term of the Agreement shall be three (3) years with up to five (5) additional Extended Option Terms of twelve-months each. Once the option is exercised, the term of the Agreement extends fifty (50) years.

3. Successors. The rights and obligations created in the Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, grantees and assigns of Owner and REDCO and the respective covenants and obligations pertaining to the Premises shall run with the land.

4. Incorporation and Conflicts. Owner and REDCO have executed and delivered this Memorandum of Renewable Energy Lease Option Agreement for the purpose of memorializing, of record, their mutual understandings regarding the Agreement and its terms and of the rights created thereby. All of the terms, covenants and conditions regarding the foregoing are more particularly set forth in the Agreement. In the event of conflict between the terms and conditions set forth in this Memorandum of Renewable Energy Lease Option Agreement and the terms and conditions set forth in the Agreement, the terms and conditions of the Agreement shall govern and control.

25

EXHIBIT A-1

That certain real property located in San Juan County, State of Utah, and more particularly described as follows:

Section 14; T32S R24E SLBM, S 1/2 NW 1/4 , SW 1/4 32S24E143600

Section 22; T32S R24E SLBM, S 1/2 32S24E225400

Section 23; T32S R24E SLBM, W 1/2 32S24E232400

Section 26; T32S R24E SLBM, W 1/2 W 1/2 32S24E263000

Section 27; T32S R24E: N1/2, SE1/4, SE1/4SW1/4 (520 AC) 32S24E270000

Section 28; T32S R24E SLBM, N 1/2 32S24E280000

Section 33; T32S R24E SLBM, E 1/2 32S24E330000

Section 34; T32S R24E SLBM, N 1/2, N 1/2 SW 1/4, SW 1/4 SW 1/4 32S24E340000

RENEWABLE ENERGY

LEASE OPTION AGREEMENT

THIS RENEWABLE ENERGY LEASE OPTION AGREEMENT (the "**Agreement**") is made as of March 27, 2010 (the "**Effective Date**") by and between John F. Roring, Trustee of the Roring Family Trust, Dated August 27, 1998 ("**Owner**"), and Tamara B. Roring Trustee of the Roring Family Trust, Dated August 27, 1998 ("**Owner**") and Renewable Energy Development Corporation, a Utah corporation ("**REDCO**"). Owner and REDCO are sometimes individually referred to as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, Owner owns certain real property in San Juan County, Utah, more particularly described on Exhibit A-1 attached hereto and made a part hereof (the "**Property**");

WHEREAS, REDCO develops and operates renewable energy projects to provide clean and sustainable electrical energy;

WHEREAS, REDCO has identified the Property as a potentially suitable site on which to build a renewable energy project that would include, among other things, generation equipment (wind turbines, Renewable Energy arrays, solar panels, or other similar technologies), generators, transformers, access roads, monitoring equipment, transmission and communications lines, and other facilities for the operation of a clean, renewable energy project (collectively, the "**Renewable Energy Facility**"); and

WHEREAS, REDCO desires to acquire the right to lease the Property for the purpose of developing the Renewable Energy Facility thereon, and Owner desires to grant such option to REDCO, all on the terms set forth herein.

NOW THEREFORE, in consideration of the mutual benefits of the covenants and agreements herein contained, Owner and REDCO hereby agree as follows:

AGREEMENT:

1. **Recitals.** The Recitals set forth above are hereby expressly incorporated into and made a part of this Agreement.
2. **Project.** This Agreement relates to the Renewable Energy Facility, which may be wholly or partially located on the Property. Upon REDCO's exercise of the Option (as defined below), the project shall be based on the lease terms as set forth below.
3. **Exclusive Option.** Owner hereby irrevocably grants, bargains, sells and conveys to REDCO the exclusive right and option (the "**Option**") to lease and obtain the easements on the Property (or such portion thereof that may be designated by REDCO) in accordance with the lease ("Lease") terms and conditions set forth below. During the Option Term, as defined below, and other than the Option granted herein, Owner shall

grant no other option or right in the Property with respect to the Renewable Energy Facilities on the Property or any rights related thereto.

- 3.1 **Option Term.** The initial period during which REDCO may exercise the Option shall be for a term of three (3) years, commencing on the Effective Date and expiring on the date immediately preceding the third (3rd) anniversary of the Effective Date (“**Option Term**”). REDCO shall have the right to extend the Option Term for up to five additional twelve (12) month periods (each an “**Extended Option Term**”) by written notice to Owner at any time prior to the third (3rd) anniversary of the Effective Date, or at any time prior to the termination of an Extended Option Term, which notice is accompanied by the Option Extension Payment (as defined in Section 3.2). References herein to the Option Term shall mean the initial three (3) year period and, to the extent exercised by REDCO, also the Extended Option Term, unless the context otherwise expressly requires.
- 3.2 **Consideration for Option.** This Option Agreement is granted in consideration for a payment by REDCO to Owner (the “**Option Payment**”) the amount of \$1,000. The Option Payment will be paid within thirty (30) days of execution of this Agreement. In the event that REDCO elects an Extended Option Term, REDCO will pay to the Owner an Option Extension Payment in the amount of; (i) \$2.50 per acre for the first, second and third years of Extended Option Term; and (ii) \$3.00 per acre for the fourth and fifth years of Extended Option Term, payable within thirty (30) days after written notice by REDCO that it has exercised its rights to an extended option term.
- 3.3 **Right to Grant Option.** Owner warrants and represents to REDCO that (i) the statements in Section 9, below, concerning Owner’s title to the Property are true and correct; (ii) Owner has the authority to grant this Option to REDCO without the consent or approval of any other party; and (iii) there are no other existing options, rights of first refusal, contracts to purchase, leases or mortgages that would prevent REDCO from exercising its rights with respect to the Option.
- 3.4 **Condition to Exercise.** Prior to exercising the Option Notice (as such term is hereinafter defined), REDCO shall deliver to Owner a proposed plan of development (the “**Development Plan**”) demonstrating the contemplated locations and routes of the Improvements (as defined in Section 8, below) which shall serve the Renewable Energy Facility. If Owner has a concern with the location of any Improvements on the Development Plan, it shall notify REDCO within ten (10) days of receiving the Development Plan. REDCO and Owner shall meet to resolve any issues with the location of the Improvements within twenty (20) days of Owner’s receipt of the Development Plan. If Owner and REDCO are unable to resolve the issues, then REDCO agrees that it shall not exercise the Option with respect to the improvements that remain in dispute. Owner and REDCO may elect to move forward with the Improvements upon which the Parties agree.
- 3.5 **Exercise Notice.** REDCO may exercise the Option by giving written notice to Owner (“**Option Notice**”) at any time during the Option Term or at any time during an Extended Option Term. REDCO shall specify in the Option Notice the Commencement Date referenced in Section 6.1.1, which shall be a day that is the first day of a month and a day

that is not sooner than thirty (30) days and not later than sixty (60) days after the date the Option Notice is given to Owner. On the Commencement Date, the Leases and Easements referenced in Sections 4 and 5 shall automatically become effective, and REDCO and Owner shall be subject to all of the terms and conditions of this Agreement with respect to such Leases and all rights and obligations relating thereto.

- 3.6 **Use of Property.** During the Option Term, REDCO and its employees, agents and contractors shall have a non-exclusive right to enter upon the Property and the right of ingress and egress on and across the Property for the purposes of (i) surveying the Property; (ii) performing such other tests and studies as REDCO may desire in connection with the Option, including, without limitation, environmental, avian and cultural resource assessments, and geotechnical, foundation and soil tests; provided that such activities do not unreasonably interfere with Owner's use of the Property; and (iii) installing, maintaining, operating, inspecting and removing one or more wind or Renewable Energy monitoring devices and all associated activities, and including the performance of all tests and studies associated therewith. REDCO shall submit the proposed location of any Measuring Equipment on the Property prior to the installation and Owner shall approve or disapprove of such location within five (5) days of REDCO's submittal. If Owner fails to approve or disapprove of such location within such time period, then the location of the Renewable Energy Measuring equipment shall be deemed approved. Owner shall not permit any other individual or entity except REDCO or its affiliates to install any Renewable Energy measuring equipment on the Property or other items that may interfere with the Renewable Energy measuring equipment.
- 3.7 **Termination of the Option.** If REDCO fails to exercise the Option within the Option Term, the option and the rights of REDCO as the Optionee shall automatically terminate. Upon request and without additional consideration, REDCO agrees to execute a Notice of Termination of Renewable Energy Lease Option Agreement, if REDCO fails to exercise the option.
4. **Leases.** Upon the exercise of the Option by REDCO, Owner grants to REDCO, and REDCO then accepts from Owner, for the Term referenced in Section 6.1, the following leases over and across the Property in accordance with the terms and conditions of this Agreement. The following leases are for the benefit of REDCO and REDCO's agents, contractors and employees and located on the Property and are collectively referred to as the "Leases."
- 4.1 **Construction Access Right.**
- 4.1.1 Owner grants REDCO access rights for purposes of constructing, maintaining, repairing, replacing, and removing all or any part or component of the Improvements whether located on or off Property. This construction access is referred to as the "**Construction Access Right**", and the property subject to the burden of this Construction Access Right is referred to as the "**Construction Access Property.**" REDCO may exercise its right to use all or any part of the Construction Access Property as and when REDCO deems it necessary or advisable to do so to perform the activities for which this Construction Access Right is granted. After each use of the Construction Access Right, REDCO to the

extent reasonably possible shall restore the Construction Access Property to the condition it was in before REDCO's use.

- 4.1.2 When installing, maintaining or removing the Renewable Energy collector and turbine equipment, whether located on or off of Property, this Construction Access Right also shall permit REDCO to: 1) (for the purpose of securing equipment) travel on foot or in a pickup truck, SUV, small forklift or other similar vehicles onto Property up to seven hundred (700) feet in any direction from the center of the Construction Access Right; and (2) drive an erection crane on Property. REDCO shall be permitted to maintain a 120-foot by 40-foot crane pad at each Turbine location on the Property for purposes of constructing and maintaining the Renewable Energy generating system.

4.2 **Access Right.**

- 4.2.1 Owner grants REDCO the right for unobstructed vehicular and pedestrian ingress to and egress from the Improvements across Owner's Property, whether the Improvements are located on or off the Property. This right of access is referred to as the "Access Right" and the property subject to the burden of this access right is referred to as the "Access Right Property." REDCO shall have the right to travel over, across and along the Access Easement Property by means of existing roads and lanes, and by roads REDCO or Owner may construct or improve from time to time on, over, and across the Access Right Property.

- 4.2.2 Owner reserves the right to use all roads on the Access Right Property provided, however, that Owner shall not and shall not permit others to obstruct or damage the roads or in any other way interfere with REDCO's rights under this Access Right. If all or a part of the Access Right Property constitutes a part of the width of a larger access easement straddling a property line between Property and the abutting property of another owner, the Owner and REDCO grant the owner of the abutting property an easement over such portion of the Access Right Property for ingress and egress to the abutting property for the conduct of farming activities on the abutting property.

- 4.3 **Renewable Energy Site Lease.** Owner grants REDCO a lease to construct, operate, replace, relocate, remove, and maintain a Renewable Energy Facility, together with associated roads and parking areas on Property. This grant is referred to as the "Renewable Energy Facility Site Lease" and each Renewable Energy Site so leased is referred to as a "Renewable Energy Facility Site Property." Such Renewable Energy Facility Site Property must be located at a distance of at least 1,400 feet from habitable dwellings.

- 4.4 **Renewable Energy Collection Facility Lease.** Owner grants REDCO a lease for the construction, operation, maintenance, replacement, relocation or removal of Collection Facilities on and under the Property. This grant is referred to as the "Renewable Energy Collection Facility Lease" and the property so leased is referred to as the "Renewable Energy Collection Facility Property." Collection Facilities located on the surface of the Collection Facilities Property shall be limited to above ground collection lines and

junction boxes, if any; all other Collection Facilities shall be buried at least forty-eight (48) inches beneath the surface of the Collection Facilities Property.

- 4.5 **Overhang Right.** Owner grants REDCO the right and privilege to permit the Renewable Energy Facility Equipment located on adjacent properties to overhang a portion of the Property (“Overhang Property”) by no more than 30 feet at a height of at least 20 feet above the ground (“Overhang Right”). Owner shall not interfere with the operation of Renewable Energy Facility Equipment that overhangs the Overhang Property.
- 4.6 **Renewable Energy Measuring Equipment Site Lease.** Owner grants REDCO a lease to construct, operate, replace, relocate, remove, and maintain Renewable Energy Measuring Equipment and Collection Facilities on Property. This grant is referred to as the “Renewable Energy Measuring Equipment Site Lease” and each site so leased is referred to as a “Renewable Energy Measuring Equipment Site Property.”
- 4.7 **Location of Leases.** The locations and routes of the Improvements (as such term is defined in Section 8) for which the Leases are being granted cannot be determined until the completion of REDCO’s inspection, testing, study and surveying of the Property during the Option Term. Along with the Option Notice, REDCO shall deliver to Owner a proposed plan of development showing the contemplated locations and routes of the Improvements, which shall serve as the **Exhibit B** to this Agreement. Prior to installing any Improvements on the Property, REDCO must receive from Owner duly signed and dated **Exhibit “B”** (such approval by Owner to be granted in the spirit of fair dealing and not to be arbitrarily or unreasonably withheld). REDCO shall coordinate the location of the Improvements with Owner to minimize any disruption or inconvenience to Owner and the uses of the Property reserved to Owner in Section 11.4. During the final development and construction of the Renewable Energy Facility, such locations and routes may need to be amended and approved in writing by Owner (such approval by Owner to be granted in the spirit of fair dealing and not to be arbitrarily or unreasonably withheld). Following construction of the Renewable Energy Facility, REDCO shall provide Owner an “as-built” survey of all Improvements on Property, which shall serve as **Exhibit C** to this Agreement. Further, following construction, the Improvements may need to be relocated or rerouted by REDCO, at any time during the Term of this Agreement, so long as the nature and extent of any such relocated or rerouted Leases are not materially different and impose no greater burden on the Property than the original locations routes, and so long as (i) REDCO takes appropriate actions to minimize any disruption or inconvenience to Owner and the uses of the Property reserved to Owner in Section 11.4 and (ii) Owner’s written approval has been received (such approval by Owner to be granted in the spirit of fair dealing and not to be arbitrarily or unreasonably withheld).
5. **Easements.** Upon the exercise of the Option by REDCO, Owner grants to REDCO, and REDCO accepts from Owner, for the Term referenced in Section 6.1, the following easements over and across the Property in accordance with the terms and conditions of this Agreement. The following easements are for the benefit of REDCO and REDCO’s agents, contractors, and employees and located on the Property and are collectively referred to as the “Easements.”

5.1 **Energy Sources Non-Obstruction Easement.**

5.1.1 Owner grants REDCO an irrevocable, exclusive easement for the right and privilege to use, maintain and capture the free and unobstructed solar radiance and wind Energy Sources over and across the Property ("**Energy Sources Non-Obstruction Easement**"). The following legal descriptions shall be set forth in **Exhibit A-2** of this Agreement: (a) a description of the Energy Sources Non-Obstruction Easement property subject to this Agreement; (b) a description of the Energy Sources Non-Obstruction Easement in vertical and horizontal angles; and (c) a description of real property benefiting from the Energy Sources Non-Obstruction Easement. Owner shall not engage in any activity on the Property that might interfere with Energy Sources over any Renewable Energy Collection or Renewable Energy Measuring Equipment Easement Properties, whether located on or off the Property; cause a decrease in the output or efficiency of any Wind Generator, Thermal Collector or accuracy of any Renewable Energy Measurement Equipment; or otherwise interfere with REDCO's operation of the Renewable Energy Collection Facility or exercise of any rights or the Leases granted in this Agreement ("**Interference**"). Owner reserves the right to erect structures on the Property in compliance with all applicable laws and ordinances except as specifically limited in this Agreement. Owner must consult with and obtain REDCO's prior written approval as to the location of all structures greater than forty (40) feet in height and located on thousand (1000) feet or less from any Renewable Energy Collection or Renewable Energy Measuring Equipment. Approval shall be based on whether, in REDCO's sole judgment, informed by appropriate professional engineering and Renewable Energy measurement experts' opinions, the proposed structures at the proposed location are likely to cause Interference.

5.1.2 This grant of easement of the Energy Sources Non-Obstruction Easement expressly includes the right of REDCO to enter on any part of the Property to enforce REDCO's rights, including the physical removal of trees or structures (except existing trees and structures) causing Interference to the project contemplated by REDCO. REDCO shall consult with Owner before making any such removals.

5.2 **Noise Easement.** Owner grants REDCO an irrevocable, non-exclusive easement for the right and privilege to generate and maintain audible noise levels in excess of fifty (50)dbA on and above the Noise Easement Property at any or all times of the day or night ("**Noise Easement**"). The "**Noise Easement Property**" shall mean the Property except those portions within a 200-foot radius circle (or lesser distance with Owner's prior written consent) centered on the inside of each presently existing, occupied residence on the Property. The following legal descriptions shall be set forth in **Exhibit A-3** of this Agreement: (a) a description of the Noise Easement Property; and (b) a description of real property benefiting from the Noise Easement. If noise levels emanating from the Wind Generators, Turbines, or Collection Facilities exceed fifty (50) dbA without the Owner's written consent as measured within 200 feet (or lesser agreed distance) from the inside of a presently existing residence on the Property by an independent professional applying commonly accepted measurement instruments and standards, REDCO shall reduce the noise level to 50 dbA at 200 feet (or less agreed distance) from the residence. Measures to be taken by REDCO may include installing insulation or sound deadening

material in the offending Turbine(s); installing landscaping, insulation, and sound deadening material at the residence; or, changing the operation of the Wind Generators, Turbine(s), or Collection Facilities to reduce noise output.

6. **Term of Agreement.** The term of this Agreement (“Term”) includes the Option Term referenced in Section 3.1; and the Easement Term referenced in Section 6.1.

6.1 **Lease & Easement Term.**

6.1.1 The Term of the Leases and Easements and the effective date thereof shall commence on the date specified by REDCO in the Option Notice (“Commencement Date”). The Term shall end fifty (50) years after the Commencement Date, unless terminated as provided in this Agreement.

6.1.2 **Delays during Easement Term.** At REDCO’s option, the Term may be extended for a period of time equal to the period of time during which operation of the Renewable Energy Facility is delayed or suspended because of the occurrence of a Regulatory Suspension or Force Majeure, which are defined as follows:

6.1.2.1 **“Regulatory Suspension”** shall mean the enactment or application of any law, order, rule, or regulation of the Public Service Commission, Federal Energy Regulatory Commission, or other local, state, or federal government authority having jurisdiction over the Renewable Energy Facility or REDCO, or the failure of any such governmental authority to issue an approval or permit pursuant to any such law, order, rule, or regulation, which results in the delay, interruption, or suspension of the production, sale or transmission of electricity from the Renewable Energy Facility facilities; and

~~6.1.2.2 **“Force Majeure”** shall mean causes beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure, including but not limited to acts of God, labor unrest (including, but not limited to, slowdowns, picketing, boycotts or strikes), flood, earthquake, storm, fire, lightning, explosion, power failure or power surge, vandalism, theft, the cutting of power, transmission or other lines, wires or cables to the Renewable Energy Facility by persons other than Renewable Energy Generation Facility employees, epidemic, war, revolution, riot, civil disturbance, sabotage, change in law or applicable regulation subsequent to the Commencement Date and action or inaction by any federal state or local legislative, executive, administrative judicial agency or body which in any of the foregoing cases, by exercise of due foresight such Party could not reasonably have expected to avoid, and which, by the exercise of due diligence, it is unable to overcome. The Parties shall be excused from performing their respective obligations under this Agreement and shall not be liable in damages or otherwise if and to the extent that they are unable to so perform and are prevented from performing by a Force Majeure, provided that: (i) the non-performing Party, as promptly as practicable after the occurrence of the Force Majeure, but in no event later than thirty (30) days thereafter, gives the other Party written notice describing the particulars of the occurrence; (ii) the suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure; (iii) the non-performing Party uses good faith commercially reasonable efforts to remedy its inability to perform; and~~

(iv) as soon as the non-performing is able to resume performance of its obligations excused as a result of the occurrence, each party shall give prompt written notification thereof to the other Party.

6.2 **Termination by REDCO.** REDCO, at its option, shall have the right to terminate this Agreement at any time during the Term of Agreement, as to all or any part of the REDCO Property, which is defined as REDCO's interest in this Agreement and any REDCO Improvements as defined in Section 8. Termination shall be effective sixty (60) days after written notice of such termination to Owner. If REDCO's notice is a full termination of the Agreement relating to the REDCO Property, the Parties shall be relieved of all further duties and obligations under this Agreement, other than (i) the payment of any accrued and unpaid obligations owed by either Party as of the date of termination; (ii) the removal of the Improvements by REDCO pursuant to Section 8.7; and (iii) any other obligations and liabilities that are expressly stated in this Agreement to survive such termination. Upon any such partial termination by REDCO, the Parties shall be relieved of all further duties and obligations under this Agreement with respect to the portion thereof terminated by REDCO, subject to the obligations and liabilities referenced in items (i) through (iii) above that shall continue to be applicable to the terminated portion of this Agreement. Should the REDCO terminate this Agreement, REDCO agrees to leave the Owner's property in a condition similar to or better than the condition of the property prior to the Execution Date of this Agreement. Owner and REDCO agree to execute an amendment to this Agreement evidencing such partial termination.

6.3 **Termination by Owner.** Owner, at its option, shall have the right to terminate this Agreement, as to all or any part of the REDCO Property, if at any time following the fifth (5) year after the Option Term or Extended Option Term, REDCO has failed to install any Renewable Energy Facility, Collection Facilities or Roadway Improvements pursuant to the terms of this Agreement. Termination shall be effective sixty (60) days after written notice of such termination to REDCO. If Owner's notice is a full termination of the Agreement relating to the REDCO Property, the Parties shall be relieved of all further duties and obligations under this Agreement, other than (i) the payment of any accrued and unpaid obligations owed by either Party as of the date of termination; and (ii) any other obligations and liabilities that are expressly stated in this Agreement to survive such termination. Upon any such partial termination by Owner, the Parties shall be relieved of all further duties and obligations under this Agreement with respect to the portion thereof terminated by Owner, subject to the obligations and liabilities referenced in items (i) and (ii) above that shall continue to be applicable to the terminated portion of this Agreement. Should the Owner terminate this Agreement, REDCO agrees to leave the Owner's property in a condition similar to or better than the condition of the property prior to the Execution Date of this Agreement. Owner and REDCO agree to execute an amendment to this Agreement evidencing such partial termination.

7. **Payments.** If REDCO exercises the Option referenced in Section 3, REDCO agrees to pay Owner the amounts set forth in Exhibit D as consideration for the Leases and REDCO's other rights and interests in the Property.

8. **Improvements.** REDCO shall have the right, at its sole cost and expense, to construct, install, maintain, use, operate, repair, replace, relocate and remove all facilities, structures, equipment, machinery, wires, conduit, cables, poles, materials and property of every kind and character required for the construction and operation of portions of the Renewable Energy Construction Facility on the Property, including, but not limited to, the Renewable Energy Collection Equipment, Turbines, Collection Facilities, Renewable Energy Measuring Equipment, and Roadway Improvements referenced in Sections 8.1 through 8.4 (collectively, the "Improvements").
- 8.1 **"Turbines"** shall mean any steam turbine generator, wind turbine generator, or machine designed for the generation of electrical power from Renewable Energy power, including without limitation, the associated towers, support structures, guy wires, braces and directly related equipment.
- 8.2 **"Collection Facilities"** shall mean all Improvements whose purpose is to deliver heated thermal fluid to the turbines or electrical power generated by the Turbines to an electrical power grid or other system, including without limitation transformers and overhead and underground electrical collection lines, wind turbines, wind towers, solar arrays, and interconnection facilities.
- 8.3 **"Renewable Energy Measuring Equipment"** shall mean towers used primarily to gather and transmit Renewable Energy data relating to the Renewable Energy Facility, and includes the tower's foundations, guy wires, Renewable Energy data acquisition equipment, power source, and *any* required data and electrical transmission lines.
- 8.4 **"Roadway Improvements"** shall mean all improvements that may be necessary to construct, maintain and repair any new and existing roadways and other means of ingress and egress ~~over, across and along the Access Right Property,~~ including paving or surfacing of the roadways with asphalt, gravel or other roadway materials, and the construction and installation of culverts, bridges, drainage ditches, gates, cattle guards and similar structures and facilities. All roads constructed shall be "all weather" roads so as to withstand the elements of the region.
- 8.5 **Ownership of the Improvements.** All Improvements shall at all times remain the property of REDCO, and Owner shall have no right, title or interest therein. All Improvements constructed or placed on the Property by REDCO during the Term of this Agreement may be repaired, replaced, relocated, removed, added to or expanded upon by REDCO at any time during the Term of this Agreement. Owner expressly waives any statutory lien or common law liens on the Improvements to which Owner might be entitled.
- 8.6 **Construction Liens.** REDCO shall not permit any liens arising out of REDCO's use of the REDCO Property under this agreement to be filed against the REDCO Property. REDCO shall, within sixty (60) days after it receives notice of the lien, provide a bond or other security that Owner may reasonably request, or remove such lien from the REDCO Property in the manner provided by applicable law.

- 8.7 **Removal of Improvements.** Upon full or partial termination of any of the Leases, REDCO shall remove all physical material pertaining to the Improvements from the affected REDCO Property to a depth of thirty-six inches (36") beneath the soil surface, and restore the area formerly occupied by the Improvements to substantially the same physical condition that existed immediately before the construction of the Improvements or to a condition better than the what existed immediately before the construction of the Improvements (the "Removal Obligations"). If REDCO fails to complete its Removal Obligations within twelve (12) months of full or partial termination of the applicable Easement, Owner may do so, in which case REDCO shall reimburse Owner for costs of fulfilling REDCO's Removal Obligations incurred by Owner. REDCO shall remediate the land after completion of project construction. Both Parties will agree upon the grass seed used in the remediation.
9. **Ownership and Title Matters.** Owner warrants and represents to REDCO, both as of the Effective Date, and as of the Commencement Date as follows:
- 9.1 **Authority.** Owner is the sole owner of the Property including the REDCO Property and has the unrestricted right and authority to sign this Agreement and to grant REDCO the Leases and Easements and other rights granted in this Agreement. When signed by both parties, this Agreement constitutes a valid and binding agreement enforceable against Owner in accordance with its terms.
- 9.2 **Other Agreements.** The Property is not subject to any other agreements, opinions, rights of first refusal or other prior right of any party to purchase, lease or acquire the Leases and Easements in the Property, or create any prior claim or right that would preclude or interfere with REDCO's rights and interests under this Agreement and the Leases and Easements.
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- 9.3 **Minerals.** Owner owns some of the oil, water, gas and other minerals, and the rights thereto as on or under the Property, and will continue to own and have the right to develop such rights during and after the Term of this Agreement and the Lease. The Owner will sell REDCO water on a per gallon basis, when such water is available. REDCO shall be responsible for procuring any needed water for its needs on the Property. REDCO shall compensate Owner for water taken from the Property at the going rate as agreed upon in writing before hand by Owner and REDCO.
- 9.4 **Owner Mortgage.** Except as disclosed by Owner to REDCO at the time of the execution of this Agreement by Owner, there are no mortgages encumbering the Property ("Owner Mortgage").
- 9.4.1 **Notice and Opportunity to Cure.** If there is an Owner Mortgage encumbering Property and Owner receives from the holder thereof ("Owner Mortgagee") any notice that payments are overdue, Owner shall notify REDCO and each REDCO Mortgagee (as defined at Section 13.1) by sending a copy of such overdue payment notice to REDCO by the earlier of (i) five (5) days after receipt, or (ii) three (3) business days prior to the date by which a default under or in respect of such Owner Mortgage could occur. If REDCO or any REDCO Mortgagee determines that it would be in REDCO's interest to make such

payments to Owner Mortgagee on Owner's behalf, whether as a result of receiving such notice or otherwise, REDCO shall have the right to make such payments and credit the payments so made against the Annual Installment Payment next due under the Agreement.

10. **Representations and Warranties of Owner.** Owner hereby makes the following further representations and warranties:
 - 10.1 **Physical Condition.** Owner has no actual knowledge of any existing physical conditions of the Property which would prevent, significantly restrict or make more expensive REDCO's development of the Property for the purposes specified in this Agreement, or which could, with the passage of time, or the giving of notice, constitute a violation of any currently applicable governmental law, ordinance, order, rule or regulation.
 - 10.2 **Legal Restrictions.** Without having made any specific investigation thereof, and without undertaking to do so, Owner has no actual knowledge of any law, regulation, ordinance or order of any local, state or federal governmental authority that would prohibit or significantly restrict REDCO's development of the Property pursuant to this Agreement. This Agreement does not violate any contract, agreement, instrument, judgment, or order to which Owner is a party or which affects the Property. To the best of Owner's knowledge, the Property is currently in full and complete compliance with all governmental laws, ordinances, orders, rules and regulations applicable to the Property. It shall be REDCO's responsibility to conduct all environmental, permitting and zoning changes and designations needed to construct and operate a Renewable Energy facility on the Owner's property, pursuant to Section 11.4.5.
 - 10.3 **No Litigation.** No litigation is pending and, to the best of Owner's knowledge, no litigation or administrative actions are proposed, threatened or anticipated with respect to any matter affecting the Property. If Owner learns of any litigation or administrative action proposed, threatened or instituted with respect to the Property, Owner shall give REDCO prompt notice thereof.
 - 10.4 **Survival.** The representations and warranties set forth in this Section 10 shall survive the execution and delivery thereof.
11. **Representations and Warranties of REDCO.** REDCO hereby makes the following representations and warranties:
 - 11.1 **Organization; Good Standing.** REDCO is a Utah corporation validly existing and in good standing under the laws of the State of Utah and has all the requisite power and authority to own, operate and lease its properties, to carry on its business as now being conducted and as proposed to be conducted and to enter into this Agreement and consummate the transactions contemplated hereby.
 - 11.2 **Authorization.** REDCO has taken all actions required by law, its organizational documents or otherwise, to authorize the execution and delivery of this Agreement and the transactions contemplated hereby, and this Agreement is a valid and binding agreement of REDCO enforceable against it in accordance with its terms and conditions.

- 11.3 **No Violations.** The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not (i) conflict with or result in any violation of or constitute a default under the certificate of formation or company agreement of REDCO; (ii) violate any statute, ordinance, rule, regulation, order or decree of any court or of any public, governmental or regulatory body, agency or authority applicable to REDCO or by which any of its properties or assets may be bound; or (iii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, franchise, permit, agreement or other instrument or obligation to which REDCO is party, or by which it or any of its properties or assets may be bound.
- 11.4 **Required Approvals.** No approval, authorization, order, registration or qualification of or with any court or governmental authority is required for the consummation of the transactions contemplated herein by REDCO and no consent of any person is required.
12. **Use, Operation and Maintenance.**
- 12.1 **Exclusive Use by REDCO.** Subject to the limitations in Sections 12.3 and 12.4, REDCO shall have the exclusive right (i) to use and possess the REDCO Property in connection with the Renewable Energy Facility and other similar Renewable Energy electrical power generation projects; (ii) to investigate, inspect, survey, and conduct tests of the Property, including, but not limited to, Renewable Energy measuring equipment and environmental, archeological and geotechnical tests and studies; (iii) to use and convert all of the Energy Source resources on the Property; and (iv) to undertake such other activities on the Property that may be related to the Renewable Energy Facility, including, without limitation, the storage of towers, materials and equipment during the installation and construction of the Collection facilities and other Improvements; development and operation of communications systems; and site tours of the Renewable Energy Facility for visitors and other interested parties.
- 12.2 **No Required Installation or Operation.** Nothing in this Agreement shall be interpreted as imposing on REDCO any obligation to install Renewable Energy Facilities or other Improvements on the Property, or to operate the Renewable Energy Facility on the Property. REDCO shall have the sole discretion of determine if and when any Renewable Energy Facility and other Improvements may be constructed on the Property, and if and when to commence the operation of the Renewable Energy Facility on the Property.
- 12.3 **Limitations on Use during Option Term.** During the Option Term, REDCO's use and possession of the Property shall be limited to the uses described in Section 3.6. During such Option Term, the only Improvements that may be constructed or installed on the Property are the Renewable Energy Measuring Equipment.
- 12.4 **Uses Reserved by Owner.** Owner expressly reserves the right to use Property for all other purposes not granted to REDCO under this Agreement, including ranching and agricultural uses, and all recreational uses and mineral development, provided that no

such other use interferes in any way with REDCO's use of the REDCO Property under this Agreement, including the joint use of roadways now and hereafter located on the Access Right Property. Any and all negotiations required shall be done in the spirit of fairness and shall be constructed in a simple, straightforward manner. Owner's reserved rights are further made subject to the following conditions, requirements and limitations:

- 12.4.1 **Ranching & Agricultural Uses.** Owner and REDCO agree to cooperate with each other in a manner that allows Owner to continue the current ranching and agricultural uses of the Property in a manner that does not unreasonably interfere with REDCO's use of the REDCO Property.
- 12.4.2 **Hunting.** All hunting on the property leased to the REDCO through this Agreement shall be prohibited. Owner participation in a Cooperative Wildlife Management Unit (CWMU) may continue until construction of a renewable energy project on Owner's property begins. Owner may continue hunting on that portion of land not within 1000 feet of any REDCO construction activity and owner will be responsible for any damage caused by such hunting. REDCO shall assume the responsibility of displaying adequate signage warning others of the hunting prohibition.
- 12.4.3 **Recreational Uses.** Owner may allow Owner's guests to use REDCO Property, except the Renewable Energy Facility and Renewable Energy Measuring Equipment Properties, for recreational purposes except at times or under circumstances that adversely affect public health and safety or operation and safety of the Improvements. If Owner uses snowmobiles or other all terrain vehicles in the vicinity of the REDCO Property, it shall take such reasonable precautions so as to ensure the safety of Owner's guests, REDCO's site personnel, and the protection of Improvements on the REDCO Property during and after construction of the Renewable Energy Facility.
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- 12.5 **Permits and Approvals.** REDCO shall be responsible, at its sole cost and expense, for obtaining any governmental permits and approvals, necessary for the construction and operation of the Renewable Energy Facility and the construction and operation of the Improvements, including complying with the provisions of State Laws. Owner shall cooperate with REDCO as necessary to obtain any governmental or utility approvals or permits, including, without limitation, signing any applications, provided that REDCO shall reimburse Owner for all its reasonable out-of-pocket expenses directly incurred in connection with such cooperation.
- 12.6 **Compliance with Laws.** REDCO shall comply in all material respects with valid laws applicable to the Property and the REDCO Property. REDCO shall have the right, in its sole discretion and at its sole expense, in REDCO's name or Owner's name, to contest the validity or applicability to the Property and the REDCO Property of any law, ordinance, statute, order, regulation, property assessment or the like made by any governmental agency or entity. REDCO shall control any such contest and Owner shall cooperate with REDCO in every reasonable way in such contest, at no out-of-pocket expense to Owner.

- 12.7 **No Interference.** During the Term of this Agreement, Owner covenants and agrees that neither Owner nor its agents, lessees, invitees, guests, licensees, successors or assigns will (i) interfere with, impair or prohibit the free and complete use and enjoyment by REDCO of all rights granted by this Agreement; (ii) take any action which will interfere with or impair the availability, accessibility, frequency, or direction of Energy Sources over and above the Property; (iii) take any action which will in any way interfere with or impair the transmission of electric, electromagnetic or other forms of energy to or from the Property; or (iv) take any action which will interfere with or impair REDCO's access to the Property and the REDCO Property for the purposes specified in this Agreement.
- 12.8 **Care and Appearance.** REDCO, in its exercise of the easement and other rights granted hereunder shall, at all times, maintain the Property and the Improvements in a reasonably neat, clean and presentable condition, consistent with its current usage. REDCO shall not willfully or negligently damage or destroy the Property. REDCO shall keep the Property clean and free of debris created by REDCO, its contractors, or others brought onto the Property by REDCO. REDCO shall not use the Property for storage, except for materials, construction equipment and vehicles directly associated with construction or maintenance of the Improvements on the Property or adjacent properties that are part of the Renewable Energy Facility.
- 12.9 **Fences and Gates.** Within a reasonable time following Owner's request, REDCO shall repair or replace any fences, gates or cattle guards damaged or removed in connection with REDCO's activities on the Property. Fences removed from the Property, if replaced, shall be re-built by REDCO at its expense in mutually agreeable locations. All fences, gates, and cattle guards that need to be replaced by REDCO shall be of similar type and materials to the ones removed. Once completed, all replacement fences, gates and cattle guards shall be owned and maintained by Owner. To minimize the need for temporary fencing, Owner will cooperate with REDCO to avoid pasturing animals on or near the Improvements during periods of construction, maintenance or removal activity by REDCO.
- 12.10 **Roadway Maintenance and Repairs.** REDCO agrees to maintain and repair all Roadway Improvements located on the Access Easement for the joint use thereof by REDCO and Owner for ingress and egress over, across, and along the Access Easement; provided, however, Owner shall reimburse REDCO for any costs and expenses incurred by REDCO to repair any damage or perform any special maintenance of the roadway caused by Owner or any person using the roadway with Owner's permission, other than REDCO. All roads constructed shall meet a standard agreed upon by both Parties. All roads constructed shall be all-weather roads to withstand seasonal climate conditions.
- 12.11 **Remediation of Glare.** REDCO Agrees that should Owner experience problems with glare or shadow flicker in Owner's house associated with the presence of the Renewable Energy Facility on the Property or adjacent properties, REDCO will promptly investigate the nature and extent of the problem and the best methods of correcting any problems found to exist. REDCO at its expense, with agreement of Owner, will then promptly undertake measures such as tree planting or installation of awnings necessary to mitigate the offending glare.

13. **Taxes.**

- 13.1 **REDCO's Taxes.** Owner and REDCO agree that San Juan County shall separately assess and collect taxes for Owner's Property and REDCO Property. REDCO shall pay all taxes due on the REDCO Property pursuant to this Agreement ("**REDCO's Taxes**"), and Owner shall pay all taxes due on Owner's Property to the appropriate taxing authority prior to delinquency.
- 13.2 **REDCO's Right to Contest.** REDCO may contest the legal validity or amount of any REDCO's Taxes for which it is responsible under the Agreement, and may institute such proceedings as it considers necessary, provided that REDCO shall bear all expenses in pursuing such contest or proceeding. REDCO's Taxes shall not constitute a lien on Owner's Property. REDCO shall promptly pay such Taxes unless the proceeding in which it contests such Taxes shall operate to prevent or stay the collection of the Taxes so contested or unless REDCO removes any such lien by bonding or otherwise. Owner agrees to render to REDCO all reasonable assistance in contesting the validity or amount of any such Taxes, including joining in the signing of any reasonable protests or pleading which REDCO may deem advisable to file; provided, however, that REDCO shall reimburse Owner for its reasonable out-of-pocket expenses, including reasonable attorney's fees incurred in connection with providing such assistance.

14. **Mortgage of REDCO Property.**

- 14.1 **Right to Mortgage.** REDCO may, upon notice to Owner, but without requiring Owner's consent of approval, mortgage, collaterally assign, or otherwise encumber and grant security interests in all or any part of its interests in the REDCO Property. These various security interests in all or a part of the REDCO Property are collectively referred to as an "**REDCO Mortgage**" and holder of such security interest, an "**REDCO Mortgagee**." Any REDCO Mortgagee shall use the REDCO Property only for the uses permitted under this Agreement. Whenever REDCO has granted a security interest under this Section 14, it will give Owner notice of the REDCO Mortgage (including the name and address of the REDCO Mortgagee for notice purposes), provided that failure to give this notice shall not constitute a default under this Agreement, but rather shall only have the effect of not binding Owner to provide such REDCO Mortgage notice until its address is given to Owner. REDCO shall have no power to encumber Owner's interest in the Property and shall only be able to mortgage, collaterally assign or otherwise encumber and grant security interests in all or a part of the REDCO property, as defined in Section 6.2, as REDCO's interest in this Agreement and its Improvements.
- 14.2 **Notice of Default and Opportunity to Cure.** As a precondition to exercising any rights or remedies related to any alleged default by REDCO under this Agreement, Owner shall give written notice of the default to each REDCO Mortgagee at the same time it delivers notice of default to REDCO, specifying in detail the alleged event of default and the required remedy. Each REDCO Mortgagee shall have the right to cure any default as REDCO, and/or the right to remove any Improvements or other property owned by REDCO or such REDCO Mortgagee located on the Property to the same extent as REDCO. The cure period for any REDCO Mortgagee shall be the latest of (i) the end of

the REDCO cure period; (ii) thirty (30) days after such REDCO Mortgagee's receipt of the default notice; or (iii) if applicable, the extended cure period provided for in Section 14.3. Failure by Owner to give an REDCO Mortgagee notice of default shall not diminish Owner's rights against REDCO, but shall preserve all rights of the REDCO Mortgagee to cure any default and to remove any Improvements or other property of REDCO or the REDCO Mortgagee located on the Property.

- 14.3 **Extended Cure Period.** If any default by REDCO under this Agreement cannot be cured without the REDCO Mortgagee obtaining possession of all or part of the REDCO Property, then any such default shall be deemed remedied if a REDCO Mortgagee: (i) acquires possession of all or part of the REDCO Property, or begins to appropriate judicial or non-judicial proceedings to obtain the same within sixty (60) days after receiving notice from Owner as set forth in Section 14.2.; (ii) diligently prosecutes any such proceedings to completion; and (iii) after gaining possession of all or part of the REDCO Property performs all other obligations as and when the same are due in accordance with the terms of this Agreement. If an REDCO Mortgagee is prohibited by any court or by operation of any bankruptcy or insolvency laws from commencing or prosecuting the proceedings described above, the sixty (60) day period specified above for commencing proceedings shall be extended for the period of such prohibition.
- 14.4 **REDCO Mortgagee Liability.** Any REDCO Mortgagee whose interest in the REDCO Property is held solely for security purposes shall have no obligation or liability under this Agreement unless and until the REDCO Mortgagee succeeds to absolute title to the REDCO Property and the rights of REDCO under this Agreement. An REDCO Mortgagee shall be liable to perform obligations under this Agreement only for and during the period it directly holds such absolute title.
- 14.5 **Certificates & Other Documents.** Owner shall execute any estoppel certificates (certifying as to truthful matters, including without limitation that no default then exists under this Agreement, if such be the case), consents to assignment and non-disturbance agreements as REDCO or any Mortgagee may reasonably request from time to time. Owner and REDCO shall conduct all negotiations in good faith, in the spirit of fairness.
- 14.6 **REDCO's Mortgagee's right to Enforce Mortgage & Assign.** Each REDCO Mortgagee shall have the right, in its sole discretion: (i) to assign its REDCO Mortgagee; (ii) to enforce its lien and acquire title to all or any portion of the REDCO Property by any lawful means; (iii) to take possession of and operate all or any portion of the REDCO Property and to perform all obligations to be performed by REDCO under this Agreement, or to cause a receiver to be appointed to do so; and (iv) to acquire all or any portion of the REDCO Property by foreclosure or by an assignment in lieu of foreclosure and thereafter, without Owner's consent, to assign or transfer all or any portion of the REDCO Property to a third party. Any REDCO Mortgagee or other party who acquires REDCO's interest in the REDCO Property pursuant to foreclosure or assignment in lieu of foreclosure shall not be liable to perform the obligations imposed on REDCO by this Agreement that are incurred or accruing after such REDCO Mortgagee or other party no longer has ownership or possession of the REDCO Property.

- 14.7 **New Agreement.** If the REDCO Property is foreclosed upon or there is an assignment in lieu of foreclosure, or if this Agreement is rejected or disaffirmed pursuant to bankruptcy law or other law affecting creditor's rights and, within ninety (90) days after such event, REDCO or any REDCO Mortgagee or other purchaser at a foreclosure sale shall have arranged to the reasonable satisfaction of Owner for the payment of all Annual Installment Payments or other charges due and payable by REDCO as of the date of such event, then Owner shall execute and deliver to REDCO or such REDCO Mortgagee or other purchaser at a foreclosure sale, or to a designee of one of these parties, as the case may be, a new agreement ("**New Agreement**") which (i) shall be for a term equal to the remainder of the Term of this Agreement before giving effect to such rejection or termination; (ii) shall contain the same covenants, agreements, terms, provisions and limitations as this Agreement (except for any requirements that have been fulfilled by REDCO or any REDCO Mortgagee or other purchaser at a foreclosure sale prior to rejection or termination of this Agreement); and (iii) shall include that portion of the REDCO Property in which REDCO or such other REDCO Mortgagee or other purchaser at a foreclosure sale had an interest on the date of rejection or termination. If more than one REDCO Mortgagee makes a written request for a New Agreement pursuant to this provision, the New Agreement shall be delivered to the REDCO Mortgagee requesting such New Agreement whose REDCO Mortgage has lien priority, and the written request of any other REDCO Mortgagee whose lien is subordinate shall be void and of no further force or effect. The provisions of this Section 14.7 shall survive the termination, rejection or disaffirmation of this Agreement and shall continue in full force and effect thereafter to the same extent as if this Section 14.7 were a separate and independent contract made by Owner, REDCO and each REDCO Mortgagee, and, from the effective date of such termination, rejection or disaffirmation of this Agreement to the date of execution and delivery of such New Agreement, such REDCO Mortgagee or other purchaser at a foreclosure sale may use and enjoy the REDCO Property without hindrance by Owner or any person claiming by, through or under the Owner; provided that all of the conditions for the New Agreement as set forth above are complied with.
- 14.8 **REDCO Mortgagee's Consent to Amendment Termination or Surrender.** The Parties agree that so long as any REDCO Mortgage remains outstanding, this Agreement shall not be modified or amended, and Owner shall not accept a surrender, cancellation or release of all or any part of the REDCO Property from REDCO, prior to expiration of the Term of this Agreement, without the prior written consent of the REDCO Mortgagee holding such REDCO Mortgage. This provision is for the express benefit of and shall be enforceable by each REDCO Mortgagee as if it were a party named in this Agreement. However, this provision shall not be applicable if Owner exercises its rights pursuant to Section 6.3.
15. **Assignment and Sublease.** REDCO shall have the right, without Owner's consent, to sell, convey, lease, or assign all or any portion of the REDCO Property, on either an exclusive or a non-exclusive basis, or to grant subleases, co-leases, leases, licenses or similar rights with respect to the REDCO Property (collectively, "**Assignment**"), to one or more persons or entities (collectively, "**Assignee**"). Each Assignee shall use the REDCO Property only for the uses permitted under this Agreement. When REDCO Makes any Assignment under this Section 15, REDCO shall give notice to Owner of such

Assignment (including the interest conveyed by the Assignment and address of the Assignee for notice purposes to Owner) provided REDCO's failure to give such notice shall not constitute a default under this Agreement, but rather shall only have the effect of not binding Owner with respect to such assignment or conveyance until such notice is given. Any Assignment by REDCO shall release REDCO from obligations subject thereof accruing after the date that liability for such obligations is assumed by the Assignee.

16. **Hazardous Materials.**

16.1 **Owner's Covenants Regarding Hazardous Materials.** Owner represents and warrants that, to the best of Owner's knowledge, the Property is not and has not been in violate of any federal, state, or local environmental health or safety laws, statute, ordinance, rule, regulation or requirement ("**Environmental Laws**"), and Owner has not received any notice or other communication from any governmental authorities alleging that the Property is in violate of any Environmental Laws. "**Hazardous Materials**" shall mean any material containing asbestos, petroleum, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances, or toxic substances under any federal, state, or local law or regulation. Owner represents and warrants that, except as disclosed to REDCO in writing, to the best of Owner's knowledge, no underground storage tanks and no Hazardous Materials are or were located on the Property during or prior to Owner's ownership of the Property. Owner shall not violate in a material way any Environmental Law relating to the Property.

16.2 **REDCO's Covenants Regarding Hazardous Materials.** REDCO shall comply with all Environmental Laws and shall, at REDCO's sole cost and expense, promptly take removal or remedial action required by Environmental Laws with regard to any Hazardous Materials brought onto the Property by REDCO or its employees, agents, or contractors of any Environmental Laws. Owner shall cooperate with REDCO with regard to any scheduling or access to the Property in connection with any action required hereunder.

16.3 **REDCO's Indemnity Regarding Hazardous Materials.** REDCO shall indemnify, defend, protect and hold Owner harmless from any liability based on: (i) the release of Hazardous Materials in, on, under or about the Property caused by REDCO or its employees, agents or contractors, or (ii) the violation by REDCO or its employees, agents, or contractors. Owner shall cooperate with REDCO with regard to any scheduling or access to the Property in connection with any action required hereunder.

17. **Indemnity and Insurance.**

17.1 **Indemnity by REDCO.** REDCO shall defend, indemnify, protect and hold Owner harmless from and against all liabilities, costs, expenses, obligations, losses, damages, claims, including reasonable attorneys' fees (collectively "**Liability**"), resulting from the negligence, willful misconduct, or breach of this Agreement by REDCO, its agents, contractors or employees, invitees, licensees and permittees; provided, however, that such Liability is not due to any negligence, willful misconduct, or breach by Owner, its agents,

contractors or employees, invitees, licensees or permittees. Furthermore, REDCO shall defend, indemnify, protect and hold Owner harmless from and against all liabilities, costs, expenses, obligations, losses, damages, claims, including reasonable attorneys' fees resulting from the actions brought against Owner by Owners neighbors because of the Improvements or the Renewable Energy Facility, including, but not limited by, actions from the resulting noise, glare or damage to the Property or surrounding properties because of the Improvements or the Renewable Energy Facility.

- 17.2 **Indemnity by Owner.** Owner shall defend, indemnify, protect and hold REDCO harmless from and against all Liability resulting from the negligence, willful misconduct, or breach of this Agreement by Owner, its agents, contractors or employees, invitees, licensees and permittees; provided, however, that such Liability is not due to any negligence, willful misconduct, or breach by REDCO, its agents, contractors, employees, invitees, licensees, or permittees.
- 17.3 **Insurance by REDCO.** Prior to any use of the Property as set forth in Section 3.6 and thereafter, REDCO shall, at its expense, continually maintain a liability insurance policy in the amount of not less than \$1 million, under which Owner shall be named as an additional insured for personal injuries and property damage for which REDCO is legally liable. REDCO shall cause Owner to receive notice of all extensions, modifications, and payments of premium of said insurance.
- 17.4 **Survival.** The obligations of the Parties under this Section 17 shall survive expiration or another termination of this Agreement.
18. **Confidentiality.** This Agreement includes confidential and proprietary information relating to REDCO and the Renewable Energy Facility. In addition, from time to time ~~REDCO may deliver to owner additional confidential and proprietary information relating to the Renewable Energy Facility ("Additional Information").~~ Subject to any applicable state or federal law, Owner agrees not to provide copies of the Agreement or additional information or disclose the terms of the Agreement or additional information, in whole or in part, to any person or entity, except as expressly authorized in this Section 18. REDCO authorizes Owner to provide copies of the Agreement and additional information and disclose the terms thereof to Owner's family, attorney, accountant, financial advisor and any existing or prospective mortgagee, lessee, or purchaser, so long as they likewise agree not to provide copies of the Agreement or additional information or disclose the terms thereof to any unauthorized person or entity.
19. **Default and Remedies.**
- 19.1 **REDCO Payment Default.** If REDCO shall fail to pay any amounts set forth in **Exhibit D** which failure continues for more than thirty (30) days from receipt of written notice from Owner that such amount is due, then REDCO shall be in default ("**REDCO Payment Default**") and Owner shall have the following remedies:
- 19.1.1 **Collection of Payments.** With or without terminating this Agreement, Owner may pursue any and all action or remedies that may be available to Owner at law or in equity,

against REDCO to collect any unpaid amounts set forth in **Exhibit D** together with interest thereon that accrues during the continuance of the REDCO Payment Default, calculated at a rate ("**Default Rate**") which is the lesser of (i) the prime interest rate at The Chase Manhattan Bank (or its successor) plus two percent (2%) per month, or (ii) the maximum lawful rate. Owner shall also be entitled to recover all court costs and reasonable attorneys' fees that may be incurred by Owner in collecting such amounts.

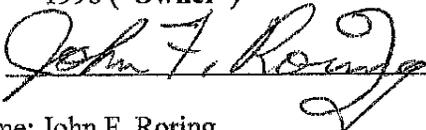
19.1.2 **Terminate Agreement.** Owner may not terminate this Agreement because of any REDCO Payment Default without first giving REDCO written notice of its intention to terminate the Agreement ("**Termination Notice**"), to be effective on a date to be specified by Owner that is at least thirty (30) days after the date of the Termination Notice. If, by the date specified in the Termination Notice, REDCO fails to pay the amount required to cure the REDCO Payment Default (including interest at the Default rate that accrues during the continuance of the REDCO Payment Default), Owner's termination of this Agreement shall become effective on the date specified in the Termination Notice. Upon such Termination, the Parties shall be relieved of all further duties and obligations under this Agreement, other than (i) the payment of any accrued and unpaid obligations owed by either Party as of the date of termination (including the amount owed by REDCO with respect to the REDCO Payment Default and interest payable with respect thereto); (ii) the removal of the Improvements by REDCO pursuant to Section 8.7; and (iii) any other obligations and liabilities that are expressly stated in this Agreement to survive such termination. Owner's right to terminate this Agreement pursuant to this Section 19.1.2 is subject to and conditioned upon Owner giving any REDCO Mortgagee written notice and opportunity to cure the REDCO Payment Default as provided in Section 14.2.

19.2 **Other REDCO Default.** The breach by REDCO of any provision hereof, other than an REDCO Payment Default as set forth in Section 19.1 ("**Other REDCO Default**"), may result in a cause of action by owner under applicable law and all action or remedies that may be available to Owner at law or in equity, including but not limited to all loss or damage, but excluding future lease payments, which Owner may suffer by reason of a REDCO's breach of this Agreement, other than as set forth in this Section 19.2. In the event of any such breach by REDCO, Owner shall, at least thirty (30) days prior to commencing any cause of action, give written notice of the cause of the breach to REDCO, and any REDCO Mortgagee (of which it has been notified in writing) concurrently, specifying in detail the alleged event of breach and the required remedy. If REDCO does not cure or commence curing such breach within thirty (30) days of receipt of notice, the REDCO Mortgagee shall have the absolute right to substitute itself for REDCO and perform the duties of REDCO hereafter for the purposes of curing such breach. Owner expressly consents to such substitution, agrees to accept such performance, and authorizes the REDCO Mortgagee (or its employees, agents, representatives or contractors) to enter upon the Property to complete such performance with all the rights, privileges and obligations of REDCO hereunder. Owner may cure any default by REDCO after REDCO's cure period has expired. If Owner, at any time by reason of REDCO's default, pays any sum or performs any act that requires the payment of any sum, the sum paid by Owner shall be due immediately from REDCO to Owner, together with interest on such sum calculated at the Default Rate.

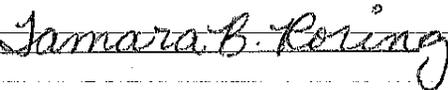
- 21.2 **Memorandum.** Simultaneously with the execution of this Agreement, Owner and REDCO agree to execute and acknowledge a memorandum of this Agreement satisfactory in form and substance to REDCO and Owner. Owner consents to the recordation of the interest of any REDCO Mortgage or Assignee in the REDCO Property.
- 21.3 **Entire Agreement.** This Agreement and the attached Exhibits shall constitute the entire agreement between the Parties and supersedes all other prior writings and understandings.
- 21.4 **Amendments.** This Agreement shall not be amended or modified in any way except by an instrument signed by Owner and REDCO and consented to by any REDCO Mortgagee. The Parties hereto shall at all times hereafter execute any documents and do any further acts which may be necessary or desirable to carry out the purposes of this Agreement and to give full force and effect to each and all of the provisions hereof. Owner and REDCO shall conduct all negotiations in good faith, in the spirit of fairness.
- 21.5 **Legal Matters.** This agreement shall be governed by and interpreted in accordance with the then existing laws of the State of Utah where the Property is located shall be considered the proper forum and jurisdiction for any disputes arising in connection with this Agreement. The parties agree to first attempt to settle any dispute arising out of or in connection with this agreement by good-faith negotiation. If the parties are unable to resolve amicably any dispute arising out of or in connection to this agreement, The Parties agree to mediate and each Party shall bear the costs of their own expenses, legal and otherwise. Each party waives all right to trial by jury and specifically agrees that a trial of suits or causes of action arising out of this agreement shall be to the Court. Time is of the essence with regard to the terms and conditions of this agreement.
- 21.6 **Severability.** ~~If any term or provision of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be determined by judicial order or decision to be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances, other than those as to which it is held to be invalid, shall be enforced to the fullest extent permitted by law. The parties agree to amend this agreement or modify the rights granted herein in order to comply with all applicable laws and to grant to REDCO the rights to the extent necessary to construct, operate and maintain the Improvements as contemplated herein.~~
- 21.7 **Tax Credits.** If under applicable law REDCO becomes ineligible for any tax credit, benefit or incentive for alternative energy expenditure established by any local, state or federal government, then, at REDCO's option, Owner and REDCO shall amend this Agreement or replace it with a different instrument so as to convert REDCO's interest in the REDCO Property to a substantially similar interest that makes REDCO eligible for such tax credit, benefit or incentive, so long as Owner's interests are not impaired. Owner and REDCO shall conduct all negotiations in good faith, in the spirit of fairness.
- 21.8 **Approvals.** Whenever in this Agreement the approval or consent of either Party is required or contemplated, unless otherwise specified, such approval or consent shall not be unreasonably withheld or delayed.

- 21.9 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute a single instrument.
- 21.10 **Option to Convert.** During the Term of the Leases and Easements granted herein, Owner grants to REDCO the option to convert the Leases herein contained to easements, or the Easements to leases, as determined by REDCO in its sole discretion. REDCO may exercise such option by giving the Owner thirty (30) days written notice of its intent to exercise such option. The terms and conditions of such easements and/or leases shall be the same as the terms and conditions of the Leases and Easements, including the annual payments as set forth in **Exhibit D** of this Agreement.
- 21.11 **Attorneys' Fees.** The prevailing party in any arbitration or litigation undertaken in connection with any default or indemnity under this Agreement shall be entitled to be paid its reasonable costs and attorneys' fees incurred in connection therewith by the losing party, including such costs and fees as may be incurred on appeal.

Owner: John F. Roring, Trustee of the Roring Family Trust, Dated August 27, 1998
("Owner"), and Tamara B. Roring Trustee of the Roring Family Trust, Dated August 27,
1998 ("Owner")

By: 

Name: John F. Roring
Its: Trustee
Date: March 27, 2010

By: 

Name: Tamara B. Roring
Its: Trustee
Date: March 27, 2010

REDCO: **Renewable Energy Development Corporation**

By: 

Name: Ryan Davies
Its: President & CEO
Date: 3/27/10

EXHIBIT A-1

Legal Description of Property

Section 15; T32S R24E SLBM, SE 1/4

Section 22; T32S R24E SLBM, NE 1/4

EXHIBIT A-2

Legal Description of Renewable Energy Facility Non-Obstruction Easement Property and Description of Energy Source Non-Obstruction Easement in Vertical and Horizontal Angles & Legal Description of Real Property Benefiting from Energy Source Non-Obstruction Easement To be Delivered with Option Notice

EXHIBIT A-3

Legal Description of Noise Easement Property and Legal Description of Real Property
Benefiting from Noise Easement To be delivered with Option Notice

EXHIBIT B

Preliminary Lease & Easement Plan To be Delivered with Option Notice

EXHIBIT C

As Built Lease & Easement Plan

EXHIBIT D

Easement Compensation

- 1) **Signing Bonus.** REDCO shall pay to Owner a bonus of One Thousand Dollars (\$1,000.00) within 30 days of the execution date of this contract.
- 2) **Annual Installments Payments**” means the amounts that are paid to Owner annually for the Leases. The amounts paid to Owner for the Renewable Energy Measuring Equipment Easement shall be paid to Owner annually, but the amount shall be separate from the other Leases.
- 3) **Minimum Megawatts Installed** – REDCO will make its best effort to build as many megawatts of Renewable Energy on the Owner’s land as is practical.
- 4) **Purchase Price for Leases.** The Annual Installment Payments for the Leases and Easements [Construction, Access, Turbine, Collection, Wind Non-Obstruction, Noise and Overhang] shall be \$3,000.00 per 1.0 megawatt (“MW”) nameplate rated Turbine (Annual Minimum Rent (AMT) or Percentage of gross revenue Lease Rate:

Subject to the lease termination provisions, REDCO agrees that Owner shall receive either an Annual Minimum Rent (AMR) or a lease rate (percentage of gross revenue), whichever is greater, according to the following schedule:

Payments to Owner:

Annual Minimum Rent (AMR):	\$3,000/MW/year	each year
Lease Rate:	2.0% of gross revenue ¹	years 1-10
	3.0% of gross revenue ¹	years 11-15
	3.5% of gross revenue ¹	years 16-20
	4.0% of gross revenue ¹	years 21-end of lease

REDCO will provide and Owner shall receive an annual report of installed nameplate rated Turbine Capacity and Gross Revenue annually on or before January 1 of each year lease payments are due to Owner. Annual Installment Payments for partial years shall be prorated based on the number of days in the partial year included in the Term. If a part of the Improvements is removed before the end of the Term, future Annual Installment Payments due on the purchase price of the Leases shall be reduced by the amount attributable to the Improvements removed. If a part of the

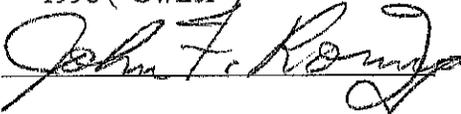
¹ Gross Revenue is defined as the total selling price of electric power received by REDCO, its successors, mortgagees, or assigns, and includes, as created by the project, any production tax credits, green credits, CO₂ cap and trade credits, or like or similar benefits, assessments, credits, or allotments, as received by REDCO, its successors, mortgagees, or assigns.

Improvements remains after the end of the Term, REDCO shall continue to make Annual Installment Payments at the rate paid for the last year of the Term until REDCO's Removal Obligations are fulfilled ("**Removal Date**"). However, such payments shall not excuse REDCO from its Removal Obligations, nor extend the time for REDCO to comply with such Removal Obligations. Upon written request and upon execution of an appropriate confidentiality agreement, Owner and its representatives, accountants and legal counsel shall have the right to audit or review REDCO's books and records to verify payments made pursuant to this Agreement. If the audit reveals an error in excess of 5% of the annual revenues to Owner, then REDCO shall pay for the expense of the audit.

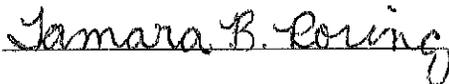
- 5) **Timing of Payments.** The signing bonus will be paid within sixty (60) days of mutual execution of this Agreement. Payments for the first partial year of the Term shall be made on the Commencement Date. All subsequent Annual Installment Payments shall be due on or before January 15th of the subsequent calendar year or partial calendar year to which they are attributable during the Term. For example purposes only, Annual Installment Payments for the 2009 calendar year shall be due on or before January 15, 2010. After REDCO delivers **Exhibit C** to Owner, any necessary payment adjustments shall be paid within thirty (30) days by REDCO or credited against the next payment due from REDCO to Owner.
- 6) **Collections Facilities** Any payments for the Collections Facilities shall be included in the amount specified in Item 4 of this Exhibit D. In the event that REDCO does not install any Renewable Energy Facilities on Property, but installs Collection Facilities, then REDCO shall pay to Owner the one-time first year sum of \$600.00 per acre used for Collection Facilities . After the first year, REDCO will pay Owner \$100 per acre, used for the collection facilities, per year for the term of lease. If REDCO does not extend the Option after the third year REDCO will provide the wind data collected on Owners property to Owner.
- 7) **Access. In the event that REDCO does not** install any Collection Facilities on Property, but installs Roadway Improvements, then REDCO shall pay to Owner the sum of \$500.00 per acre used for Roadway Improvements annually.
- 8) **Payments for Extended Use of Leases.** If REDCO continues to use the Access Right, Renewable Energy Collection Lease, Non-Obstruction Easement, Noise Easement and Overhang right after the end of the Term, REDCO shall pay Owner the then fair market value of the Access Right, Collection Lease, Energy Source Non-Obstruction Easement, Noise Easement and Overhang Right determined by agreement of the parties. If REDCO does not continue to use any or all of these Leases or Easements, REDCO shall provide evidence of termination.

(SIGNATURES & DATES NEXT PAGE)

Owner: John F. Roring, Trustee of the Roring Family Trust, Dated August 27, 1998
("Owner"), and Tamara B. Roring Trustee of the Roring Family Trust, Dated August 27,
1998 ("Owner")

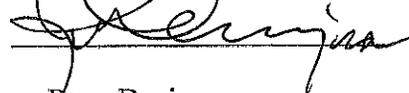
By: 

Name: John F. Roring
Its: Trustee
Date: March 27, 2010

By: 

Name: Tamara B. Roring
Its: Trustee
Date: March 27, 2010

REDCO: **Renewable Energy Development Corporation**

By: 

Name: Ryan Davies
Its: President & CEO
Date: 3/27/10

17
WHEN RECORDED, RETURN TO:

Jeff Sivertsen
REDCO
922 West Baxter Dr., Suite 200
South Jordan, Utah 84095

Ent 110764 Bk 920 Pg 541-544
Date: 04-AUG-2010 10:55AM
Fee: \$17.00 Check
Filed By: LCJ
LOUISE JONES, Recorder
SAN JUAN COUNTY CORPORATION
For: REDCO

MEMORANDUM OF RENEWABLE ENERGY LEASE OPTION AGREEMENT

This Memorandum of Renewable Energy Lease Option Agreement is entered into as of the 29th day of July, 2010, by and between, Roring Family Trust, Dated August 27, 1998 ("Owner") and Renewable Energy Development Corporation ("REDCO").

1. Premises. For sufficient consideration received, and the terms and conditions more particularly set forth in that certain Renewable Energy Lease Option Agreement dated July 29, 2010, entered into by and between Owner and REDCO ("Agreement"), Owner leases to REDCO that certain real property located in San Juan County, State of Utah and more particularly described on Exhibit "A-1" attached hereto and by this reference made a part hereof (the "Premises").

2. Term. Pursuant to the Agreement, the Option Term of the Agreement shall be three (3) years with up to five (5) additional Extended Option Terms of twelve-months each. Once the option is exercised, the term of the Agreement extends fifty (50) years.

3. Successors. The rights and obligations created in the Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, grantees and assigns of Owner and REDCO and the respective covenants and obligations pertaining to the Premises shall run with the land.

4. Incorporation and Conflicts. Owner and REDCO have executed and delivered this Memorandum of Renewable Energy Lease Option Agreement for the purpose of memorializing, of record, their mutual understandings regarding the Agreement and its terms and of the rights created thereby. All of the terms, covenants and conditions regarding the foregoing are more particularly set forth in the Agreement. In the event of conflict between the terms and conditions set forth in this Memorandum of Renewable Energy Lease Option Agreement and the terms and conditions set forth in the Agreement, the terms and conditions of the Agreement shall govern and control.

IN WITNESS WHEREOF, this Memorandum of Renewable Energy Lease Option Agreement is executed as of the date first above written.

OWNER

REDCO

Roring Family Trust, Dated August 27, 1998

**RENEWABLE ENERGY
DEVELOPMENT CORPORATION,**
a Utah corporation

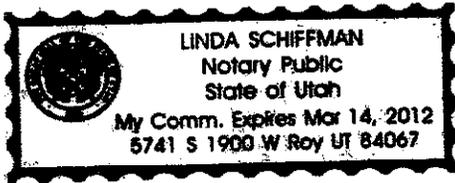
By: John F. Roring, Trustee
John F. Roring, Trustee

By: Tamara B. Roring, Trustee
Tamara B. Roring, Trustee

By: J. Michael Adams - VP
J. Michael Adams, VP

STATE OF UTAH)
)
) : ss.
COUNTY OF WEBER)

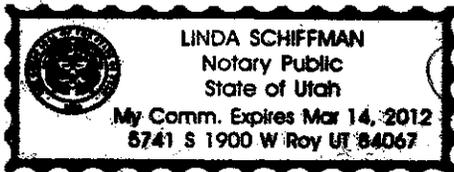
The foregoing instrument was acknowledged before me this 3 day of AUGUST, 2010 by John F. Roring, Trustee.



Linda Schiffman
NOTARY PUBLIC

STATE OF UTAH)
)
) : ss.
COUNTY OF WEBER)

The foregoing instrument was acknowledged before me this 3 day of AUGUST, 2010 by Tamara B. Roring, Trustee.



Linda Schiffman
NOTARY PUBLIC

(SIGNATURES & DATES NEXT PAGE)

STATE OF UTAH)
 : ss.
COUNTY OF WEBER)

The foregoing instrument was acknowledged before me this 3 day of AUGUST, 2010 by J. Michael Adams, VP of Renewable Energy Development Corporation, a Utah corporation.


NOTARY PUBLIC

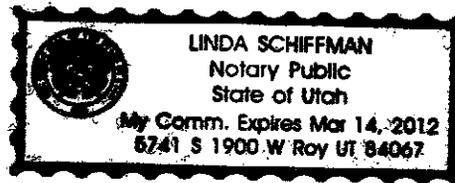


EXHIBIT A-1

That certain real property located in San Juan County, State of Utah, and more particularly described as follows:

Section 15; T32S R24E SLBM, SE 1/4 32S24E157200

Section 22; T32S R24E SLBM, NE 1/4 32S24E220000

EXHIBIT 14

Minutes for the San Juan County
Planning and Zoning Commission
April 19, 2012

Attendance: Marcia Hadenfeldt, Joe Hurst, Steven Redd, Jeff
Jeff Nielson, Staff Greg Adams, and ten others
from the public.

The minutes were reviewed and approved with a motion from
Jeff Nielson and a second from Steve Redd, voting unanimous
in the affirmative.

No items were discussed from the public.

A conditional use permit for a wind farm from Ellis-Hall
Consultants was presented and considered. The P & Z
commission asked questions about how this would be developed
and considerations of an impacts it may have on the
environment and the economy. The public was asked if they had
any concerns. Literature was given out concerning how a wind
farm operates and how the turbines operate. This wind farm will
have about 35 turbines and will be located about 10 miles north
of Monticello.

A motion was made to issue a conditional use permit for the
wind farm. The developer shall develop this wind farm within
the guidelines of all federal, state, and local laws and
ordinances. Motion by Steve Redd second by Jeff Nielson vote
was unanimous in the affirmative.

Red Rock Developers has asked the Planning and Zoning Commission to write a letter that says San Juan County will not approve a development that asks for increased density of an RV park unless the area first has water and sewer that is controlled by the local municipality. Greg was asked to write the letter and let the commission review it and sign and give it to the developer. Motion to do the above by Marcia second by Joe vote was unanimous in the affirmative.

The annual UCIP meeting will be held on May 2&3 in Salt Lake City all were invited to attend.

Building Permit list was reviewed.

Elections were held for officers of the commission with Marcia Hadenfeldt remaining as the chair and Joe Hurst being elected as the vice chair. Our monthly meetings will be held on the 1st Thursday of each month in the county commission chambers.

There will be no meeting in May because of the UCIP meeting in Salt Lake City.

Adjourn 8:38 PM

EXHIBIT 16

SAN JUAN COUNTY COMMISSION MEETING
January 14, 2013

The regular meeting of the San Juan County Commission was held at 10:00 A.M. in the Commission Room in Monticello, Utah.

Present: Bruce Adams, Chairman
Kenneth Maryboy, Vice Chair
Phil Lyman, Commissioner
Rick Bailey, SJC Administrator
Norman L. Johnson, SJC Clerk/Auditor
Dawn R. Shaw, SJC Deputy Clerk

Attendees: Jerry McNeely, Monte Wells, Bob Turri, Nick Sandberg, Linda Larson, Barbara Trask, Kelly Pehrson, Jon Haderlie, Bill Boyle, Bruce Bunker, Lynn Laws, John Roring, Mike Roring, Tony Hill, Kim

Linda Larson - SJC EMS

Linda presented the Physio Control Contract for approval and signature. A motion to approve the contract was made by Commissioner Kenneth Maryboy and seconded by Commissioner Phil Lyman. Vote unanimous.

Bruce Bunker - SJC Building Inspector

Bruce presented a building permit for approval and signature
Ellis-Hall Consultants - 52 Wind Turbines - Monticello
Bruce stated that in September 10, 2012 the Commission had decided to charge \$700 base fee for wind tower permits and Ellis-Hall is questioning the fee. After a discussion a motion to approve the building permit, with the fee to be decided later, was made by Commissioner Phil Lyman and seconded by Commissioner Kenneth Maryboy. Vote unanimous.

Rick Bailey - SJC Administrator

Rick reported to Commissioners that he met with Sheriff Eldredge and Bruce Bushore regarding the 911 System and stated that the project is complete with just a couple minor issues. Rick presented a request to release the remaining \$73,000 to Frontier Communications for the project. A motion to approve the request was made by Commissioner Phil Lyman and seconded by Commissioner Kenneth Maryboy. Vote unanimous.

Jerry McNeely - SJC Liaison

Jerry reported to Commissioners on the various projects he is working on including SITLA and a Sagebrush Coalition meeting.
Nick Sandberg - SJC Planning

Nick reported to Commissioners that the Lands Committee will be meeting Wednesday the 16th and invited Commissioners to attend. Nick stated that he met with the BLM to discuss Arch Canyon and the Gunnison Sage Grouse listing which came out on Friday.

Norman L. Johnson - SJC Clerk/Auditor

Norman presented one Beer License Renewal, for Twin Rocks, for approval. He stated that Sheriff Eldredge has approved the license. A motion to approve the beer license was made by Commissioner Kenneth Maryboy and seconded by Commissioner Phil Lyman. Vote unanimous.

Norman reported to Commissioners that the County still pays the utilities and fees for the Bluff Fairgrounds. He stated that the County does not own or have and responsibility to the property and wanted to reaffirm that this is what the Commissioners wanted to do. Commissioners stated the bills need to be sent to UNTF in care of Tony Dayish.

Jon Haderlie - Larson

Jon reported to Commissioners that the 2011 Audit is complete, he presented and discussed in detail the final findings. A motion to approve the 2011 Audit was made by Commissioner Phil Lyman and seconded by Commissioner Kenneth Maryboy. Vote unanimous.

Jon stated that there were some repercussions from the State Audit Office due to information coming in so late and asked the Commission for a "soft date" of June 30, 2013 for all information to be submitted. The Commission committed to have staff provide timely data.

Commission Reports

Commissioner Lyman reported that he attended a Soil Conservation meeting where they discussed the Gunnison Sage Grouse and attended the Energy Summit in Salt Lake.

Commissioner Maryboy reported that he met with UNHA, attended a Health Board meeting in Tuba City, AZ, and the Energy Summit

Commissioner Adams reported that he attended the Energy Summit and has a UCIP Board meeting this week.

Citizens Comments

Mike Roring, Hole in the Rock Foundation, reported that he submitted a plan for a camping area to Commissioners a couple of years ago and that they would like to start on the project this summer. He stated that he needs guidance on road issues and also how to deal with the proximity of the future camp site to the Bluff landfill. Commissioners stated that they can start work and when it comes to building they need to obtain a building permit.

12:00 P.M. - Executive Session

A motion to go into executive session to discuss legal and personnel issues was made by Commissioner

12:30 P.M. - End Executive Session

A motion to go out of executive session was made by Commissioner Phil Lyman and seconded by Commissioner Kenneth Maryboy. Vote unanimous.

Adjourn 12:35 P.M.

EXHIBIT 18



Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>

QF PPA Application

Clements, Paul {Mkt Function} <Paul.Clements@pacificorp.com>
To: Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>

Wed, May 22, 2013 at 8:55 AM

Kimberly,

Please see attached in response to your request for pricing.

Thanks,

Paul

From: Kimberly Ceruti [mailto:kimberly.ceruti@ehc-usa.com]

Sent: Wednesday, April 24, 2013 2:17 PM

To: Clements, Paul {Mkt Function}

Subject: Re: QF PPA Application

[Quoted text hidden]



Monticello Wind Farm Project letter re indicative QF pricing May 22 2013.pdf
183K

May 22, 2013

Kimberly Ceruti, Executive Director
Ellis-Hall Consultants
4733 S. Hiddenwoods Lane
Murray, Utah 84107-6764

Delivered via email to kimberly.ceruti@ehc-usa.com

Re: Response to Indicative Pricing Request

Dear Kimberly:

Attached please find indicative pricing for the proposed Monticello Wind Farm Project ("Project"). The attached pricing is consistent with Utah Public Service Commission orders in Docket No. 03-035-14 and Docket No. 12-035-100.

The indicative pricing that accompanies this letter is provided pursuant to Rocky Mountain Power Utah Schedule 38 ("Schedule 38"). Indicative prices, as noted in Schedule 38 "are merely indicative and are not final and binding. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties and approved by the Commission." Pursuant to Schedule 38 and the Commission order in Docket No. 12-035-100, the Company "will update its pricing proposals at appropriate intervals to accommodate any changes to its avoided cost calculations, among other reasons."¹ The indicative pricing contained herein is based on certain assumptions (including, but not limited to, the availability of certain transmission services). The assumptions used to determine the avoided cost pricing are subject to change, which in turn may modify the provided indicative avoided cost pricing.

The indicative pricing has been provided for illustrative purposes in annual on peak ("HLH") and off peak ("LLH") values and as annual 7x24 flat (all hours) values. The pricing has also been provided in monthly HLH and LLH values. Should you choose to move forward with a power purchase agreement, the monthly HLH and LLH values will be used in the power purchase agreement. You may also be required to provide a wind study to verify the 12x24 matrix you provided.

HLH is defined as Monday through Saturday, 7:00 AM MST to 11:00 PM MST, excluding NERC holidays. LLH is defined as all hours that are not on peak.

Schedule 38 also indicates it is the responsibility of the QF developer to make necessary interconnection arrangements with PacifiCorp Transmission. As noted in Schedule 38, "[t]he Company's obligation to make purchases from a QF is conditioned upon all necessary

¹ December 20, 2012 Order in Docket No. 12-035-100, page 17.

interconnection arrangements being consummated.” The process of making the interconnection arrangements may result in the identification of additional costs (including, but not limited to, potential improvements to the distribution and/or transmission system) or timing considerations to accomplish necessary interconnection upgrades that are the responsibility of the qualifying facility developer.

A copy of Schedule 38 can be obtained on the website for Rocky Mountain Power (<http://www.rockymountainpower.net/about/rar/wri.html>). Nothing in this letter should be construed as creating a power purchase agreement or other legally enforceable obligation between PacifiCorp and Project. Nothing in this indicative pricing request response should be construed as an offer on the part of PacifiCorp to enter a power purchase agreement with Project. The Project may only obtain a final power purchase agreement through full compliance with the procedures for such as detailed in Schedule 38. If you have any questions or require additional information, please feel free to contact me.

Regards,



Paul Clements
Power Marketer, PacifiCorp

This communication is preliminary and is intended to serve as a basis for further discussion and negotiations between the parties. This does not contain all matters upon which agreement must be reached in order for a transaction to be completed. The matters set forth herein are not intended to and do not constitute a binding agreement or establish any obligation by any party, and this communication may not be relied upon as the basis for a contract by estoppel or otherwise. A binding agreement will arise only upon the negotiation, execution and delivery of mutually satisfactory definitive agreements and the satisfaction of the conditions set forth therein, including completion of due diligence and the approval of such agreements by the respective governing bodies and management of each party, which approval shall be in the sole subjective discretion of the respective governing bodies and management. Any actions taken by a party in reliance on the non-binding terms expressed herein or on statements made during negotiations of the transactions contemplated hereby shall be at that party's own risk. In addition, our proposed terms are based on current market conditions and PacifiCorp may update our proposed terms/conditions based on changing market conditions until such time as the parties have executed a definitive agreement.

Indicative Pricing for Monticello Wind Farm Project

May 22, 2013

ILLUSTRATIVE ANNUAL PRICING

Year	Energy Payment (\$/MWH)		Est Total \$/MWH at 33.8% CF (1)
	HLH	LLH	
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			

20 Year Nominal Levelized Prices at 7.154% Discount Rate
\$/MWh

*(1) Estimated Total \$/MWh are illustrative.
 QF effective prices will depend on actual QF generation levels.
 Actual avoided cost prices will be provided monthly by HLH / LLH hour class.*

(p) Indicates avoided costs are for partial years

MONTHLY PRICING FOR USE IN CONTRACT (\$/MWH)

Month	2015		2016		2017		2018		2019	
	HLH	LLH								
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										

Month	2020		2021		2022		2023		2024	
	HLH	LLH								
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										

Month	2025		2026		2027		2028		2029	
	HLH	LLH								
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										

Month	2030		2031		2032		2033		2034	
	HLH	LLH								
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										

Month	2035	
	HLH	LLH
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		

EXHIBIT 22

COMMISSION WORK MEETING NOTES
April 7, 2014
9:00 A.M. COMMISSION CHAMBERS

PRESENT: Bruce Adams, Chairman
Kenneth Maryboy, Vice Chairman (arrived 10:00 AM)
Phil Lyman, Commissioner
Kelly Pehrson, CAO
Norman Johnson, Clerk / Auditor

Others Present: James Francom, Nick Sandberg, Jerry McNeely, Monte Wells, Marilyn Boynton, Barbara Trask, Mike Roring, Corine Roring, Kimberly Ceruti, Anthony Hall, Tracy Walker, Greg Adams, Tim Chamberlain, Bob Turri

8:00 AM: Road Meeting

9:00 AM: Work Session

- A. Ellis-Hall Consultants (Anthony and Kimberly) presented their current plan for a wind / solar project north and east of Monticello. There was an open dialogue with the Commissioners.
- B. Kelly discussed the possibility of having SPEAR put a building up at the fairgrounds, in an out of the way location, in which they could store equipment. The commission also discussed how the new Wind and Solar Farms could or should be taxed.
- C. Nick Sandberg discussion items:
 - a. Reviewed the lands council meeting of last Tuesday.
 - b. Discussed the NPS, OHV and Cultural Resources meeting.
 - c. Up dated the commission on the Gunnison Sage Grouse committee activities.
 - d. BLM coordination meeting April 28th and USFS next Monday.
 - e. Talked about a cattle fencing issue in Pack Creek.
- D. Jerry related information from the last ALG meeting on poverty guidelines.
- E. Norman Johnson reviewed the tax sale process, the list of properties and method of sale.
- F. Marilyn Boynton talked about her concern over the Navajo Trust Fund.
- G. Greg Adams reviewed a septic system issue in Bluff.
- H. Commissioner Lyman – attended the Heritage Council and discussed San Juan Counseling building space needs and some possibilities. Will be at the Republican Convention on the 10th and said there will be BLM officials here the second weekend in May for various events.
- I. Commissioner Maryboy – indicated NTUA will be taking over some of the power lines servicing the oil fields and homes. He was sad to announce the passing of Utah's last member of the "Navajo Code Talkers" from WWII fame.
- J. Commissioner Adams – attended the Moab Business Park / UDOT meeting and was at CIB last Thursday.

11:31 AM: Executive Session to discuss a personnel issue. Exit Session and adjourn 11:55 AM

EXHIBIT 23

**ROCKY MOUNTAIN POWER
ELECTRIC SERVICE SCHEDULE NO. 38**

STATE OF UTAH

Qualifying Facility Procedures

PREFACE:

1. The process outlined in this Schedule is typically applicable to projects already under development. General pricing information may be obtained by reference to quarterly avoided cost pricing updates filed by the Company with the Commission. Those filings can be found on the Public Service Commission of Utah website.
2. All submissions, responses and notices required in this Schedule must be done in electronic or hard copy format. Requests and information may be submitted to the Company at QFrequests@pacificorp.com.
3. The QF pricing queue referenced in this Schedule is independent of and unrelated to the interconnection and transmission services queue maintained and administered by PacifiCorp Transmission Services pursuant to PacifiCorp Transmission Service's FERC approved Open Access Transmission Tariff (OATT), as posted on its Open Access Same-Time Information System (OASIS). The generation interconnection process is a critical and lengthy process that typically must be well underway before a power purchase agreement should be requested. QF Developers are strongly encouraged to gain a clear understanding of the transmission interconnection process and associated costs and timelines before requesting indicative pricing or a power purchase agreement under this schedule. The interconnection process is described in Section II.B of this Tariff.
4. The Company must use its reasonable commercial efforts to meet all Company deadlines specified herein, and shall attempt to make up any Company delays in meeting subsequent Company deadlines. QF Developer deadlines will be extended to reflect Company delays beyond Company deadlines specified herein. Under extenuating circumstances, the Company or a QF Developer may request an extension of any deadlines from the Commission.

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

PREFACE: (continued)

5. Subject to the specific tariff provisions provided below, the general timelines and deadlines for actions or responses for Developers and the Company in this tariff are summarized here for convenience, along with references to the relevant tariff provisions:

In this tariff, "month" means thirty (30) days, such that five (5) months would equal one-hundred and fifty (150) days.

- a) Company must provide Developer illustrative, pro forma contract within seven (7) days of request [Section I.B.1];
- b) Developer may request indicative pricing at any time by submitting required information [Section I.B.2];
- c) Company must notify Developer whether request for indicative pricing is complete within seven (7) days of submission [Section I.B.3];
- d) Company must provide indicative pricing within thirty (30) days of notice of completeness [Section I.B.4];
- e) Developer must request proposed power purchase agreement and submit required information within sixty (60) days of receipt of indicative pricing [Section I.B.5];
- f) Company must notify Developer whether request for power purchase agreement and required information is complete within seven (7) days of submission to the Company [Section I.B.6];
- g) Company must provide Developer with proposed power purchase agreement within thirty (30) days of notice of completeness [Section I.B.6];
- h) Developer must provide Company with initial comments on and proposed edits to proposed power purchase agreement within thirty (30) days of receipt [Section I.B.7];
- i) Company must respond to Developer's initial comments and edits within thirty (30) days of receipt, and commence negotiations over areas of disagreement [Section I.B.8];
- j) Indicative prices must be updated unless a PPA is executed within six (6) months after indicative pricing was provided by the Company [Section I.B.9];
- k) Company must complete all internal reviews and approvals within twenty-one (21) days after agreement is reached on a proposed final version of a power purchase agreement [Section I.B.8];
- l) PPA must be executed within five (5) months after Developer's receipt of proposed power purchase agreement [Section I.B.10];
- m) Company must submit power purchase agreement to Commission for approval within seven (7) days of execution [Section I.B.8]; and
- n) Company must submit Transmission Service Request within seven (7) days after execution of purchase power agreement [Section I.B.8].

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

PREFACE: (continued)

6. QF Developers should pay special attention to the fact that, as specified in the tariff sections that follow, a QF project will typically be removed from the QF pricing queue, and any indicative or proposed prices or agreements will no longer be valid, upon occurrence of any of the following events:
 - a) Failure of the QF Developer to submit to the Company a request for a power purchase agreement within sixty (60) days of its receipt of indicative pricing, as specified in Section I.B.5;
 - b) Failure of the QF Developer to submit written comments and proposals within thirty (30) days of its receipt of a proposed power purchase agreement, as specified in Section I.B.7;
 - c) Failure of the parties to execute a power purchase agreement within five (5) months after a proposed power purchase agreement was provided by the Company to the QF Developer, as specified in Section I.B.10.e.; or
 - d) A material change in the point of interconnection, a change in design capacity of more than 10%, a change in generation technology, or a change of more than three (3) months in the online date, as specified in Sections I.B.10.a.-d.

7. When a QF project is removed from the QF pricing queue, the developer may request new indicative pricing and a new agreement by timely following all of the steps outlined below, in which case it will be placed in the QF pricing queue as a new project.

AVAILABILITY: To owners of Qualifying Facilities (QFs) in all territory served by the Company in the state of Utah.

APPLICATION: To owners of existing or proposed QFs with a design capacity greater than 1,000 kW for a Cogeneration Facility or greater than 3,000 kW for a Small Power Production facility who desire to make sales to the Company, and to QFs who are not able to obtain pricing under Schedule 37 because the Schedule 37 cap has been reached. Such owners will be required to enter into written power purchase and interconnection agreements with the Company pursuant to the procedures set forth below. Additional or different requirements may apply to Utah QFs seeking to make sales to third-parties, or out-of-system QFs seeking to wheel power to Utah for sale to the Company. Cogeneration Facilities greater than 100,000 kW seeking a term of ten years or more must participate in a Company competitive bidding process (RFP). Information on Company RFPs can be found at <http://www.pacificorp.com/sup/rfps.html>

(continued)

Issued by authority of Report and Order of the Public Service Commission of Utah in Docket No. 14-035-140

FILED: July 9, 2015

EFFECTIVE: August 8, 2015

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. Process For Negotiating Power Purchase Agreements

A. Communications

Unless otherwise directed by the Company, all communications to the Company regarding QF power purchase agreements should be directed in writing as follows:

Rocky Mountain Power
Manager - QF Contracts
825 NE Multnomah St, Suite 600
Portland, Oregon 97232
QFrequests@pacificorp.com

The Company will respond to all such communications in a timely manner. If the Company is unable to respond on the basis of incomplete or missing information from the QF owner, the Company shall indicate what additional information is required. Thereafter, the Company will respond in a timely manner following receipt of all required information.

B. Procedures

1. **Request for Pro Forma Contract.** The Company shall provide a QF Developer with a pro forma power purchase agreement within seven (7) days of its receipt of a request for the same. The pro forma document provided (i) does not constitute an offer to enter into an agreement, (ii) may include general proposed terms and conditions, and (iii) will not include pricing or project specific information. Anyone who desires to enter into a power purchase agreement with the Company must proceed in accordance with this Schedule to request indicative pricing under Section I.B.2, to request a proposed power purchase agreement under Section I.B.5, and to negotiate and execute a power purchase agreement that is executed by the Company and approved by the Commission.
2. **Request for Indicative Pricing.** To obtain indicative pricing with respect to a proposed project, a QF Developer must provide to the Company the following general project information:
 - a) A general description of the QF project and the QF Developer, including email address and other contact information;
 - b) generation technology and other related technology applicable to the site;

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

- c) design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system;
 - d) quantity and timing of monthly power deliveries (including project's ability to respond to dispatch orders from the Company) and an hourly generation profile (12X24 profile minimum, 8760 preferred) in Excel or other spreadsheet format with all formulae intact;
 - e) proposed site location and electrical interconnection point;
 - f) proposed on-line date and outstanding permitting requirements;
 - g) demonstration of ability to obtain QF status (FERC Form 556);
 - h) fuel type(s) and source(s);
 - i) plans for fuel and transportation agreements (Motive force plans);
 - j) proposed length of contract term; not to exceed 15 years;
 - k) status of transmission interconnection arrangements including interconnection queue number; and
 - l) other information promptly and reasonably requested by the Company.
3. **Notice of Completeness and Queue Position.** Within seven (7) days of its receipt of a request for indicative pricing and supporting materials as specified above, the Company shall confirm its receipt of the same and notify the QF Developer whether the submission is substantially complete or if additional information is required. The Company shall not be obligated to provide indicative pricing until all information described in Paragraph I.B.2 has been received from the QF Developer. Indicative pricing will be determined in light of other QF projects in the QF pricing queue ahead of the project, and using inputs and procedures as approved by the Commission. A QF will be added to the QF pricing queue as of the date the Company has confirmed receipt of all project information required in Paragraph I.B.2 and will retain its priority position in the QF pricing queue for purposes of subsequent requests for indicative pricing unless and until removed from the QF pricing queue as provided herein. The Company will notify the QF Developer of the date its project was added to the QF pricing queue. Once a QF Project has been added to the QF pricing queue, in the event additional clarifying information is reasonably required by the Company in order to calculate indicative prices, the deadlines in Section I.B.4 shall be extended on a day for day basis until the requested clarifying information has been provided.

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

4. **Indicative Pricing.** Within thirty (30) days following the date a QF project was added to the QF pricing queue under Section I.B.3, the Company shall provide the QF Developer with indicative pricing, which may include other indicative terms and conditions, tailored to the individual characteristics of the proposed project. For the initial indicative pricing request, the Company will include:
- a) indicative prices along with indicative terms and conditions,
 - b) a link to the Company's most recent quarterly avoided cost price filing with the Commission for an explanation of inputs and the Commission-approved method used to develop indicative prices,
 - c) a list of key model inputs that affected avoided cost pricing and descriptions of any significant changes to inputs since that most recent quarterly avoided cost filing, and
 - d) an explanation of how the developer can obtain additional information, including access to the model used to determine pricing.

For any pricing updates provided after the initial indicative prices, the Company shall provide items a) through d) and a description of any inputs or methods that have changed since the last quarterly filing or the last indicative prices provided. An indicative pricing proposal provided by the Company may be used by the QF Developer to make determinations regarding project planning, financing and feasibility. However, such prices are indicative only and may be subject to change by the Company as specified herein or by the Commission. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties and approved by the Commission. The Commission may approve, reject or conditionally approve a power purchase agreement and may at any time make changes to this Schedule, QF pricing methods and inputs, or terms and conditions applicable to QF pricing and power purchase agreements.

5. **Request for Proposed Power Purchase Agreement.** If a QF Developer desires to proceed forward with the project it must, within sixty (60) days of its receipt of indicative pricing, request that the Company prepare and submit for the Developer's review a proposed power purchase agreement. Absent timely submittal of such request, the project will be removed from the QF pricing queue and the indicative prices will no longer be valid. In connection with its request for a power purchase agreement, the Developer must provide the Company with the following additional project information:

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

- a) any available updates to the information specified in Paragraph I.B.2;
 - b) evidence of adequate control of proposed site;
 - c) identification of and timelines for obtaining any necessary governmental permits, approvals or authorizations;
 - d) assurance of fuel supply or motive force;
 - e) anticipated timelines for completion of key project milestones;
 - f) evidence that any necessary interconnection studies are underway and that the necessary interconnection arrangements can timely be completed in accordance with Part II sufficient for the project to reach energization by the proposed on-line date;
 - g) information describing the developer/owner of the proposed project, including name, address, and ownership organization chart; and
 - h) other information promptly and reasonably requested by the Company.
6. **Notice of Completeness and Proposed PPA.** Within seven (7) days of its receipt of a request for a power purchase agreement and the information specified in Section I.B.5, the Company shall confirm its receipt of the same and notify the Developer whether any additional information is needed. The Company shall provide the Developer with a proposed power purchase agreement within thirty (30) days following the date of the Company's notice that the information required in Paragraph I.B.5 has been received and is substantially complete. The proposed power purchase agreement shall contain a comprehensive set of proposed terms and conditions, including specific pricing based on the indicative pricing provided, as adjusted if necessary in light of specifics of the project. The proposed power purchase agreement will also specify project specific data and exhibits that must be provided by the QF Developer prior to final approval or execution of the PPA. The proposal submitted by the Company shall serve as the basis for subsequent negotiations.
7. **Developer's Initial Comments and Edits.** Within thirty (30) days of receiving a proposed power purchase agreement, the QF Developer shall prepare and deliver to the Company an initial set of written comments and proposals, failing which the Project will be removed from the QF pricing queue and the proposed agreement and prices will no longer be valid.
8. **Company's Response and Responsibilities.** If the QF Developer's proposals are not acceptable, the Company shall commence negotiations on all outstanding areas of disagreement, and:

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

- a) shall respond to the developer's initial comments and proposals within thirty (30) days, and thereafter respond timely to subsequent comments and proposals;
 - b) will not unreasonably delay negotiations and will respond in good faith to any additions, deletions or modifications to the proposed power purchase agreement that are proposed by the QF Developer;
 - c) may request to visit the site of the proposed project if such a visit has not previously occurred;
 - d) may request additional information from the Developer if reasonably necessary to finalize the terms of the power purchase agreement and satisfy the Company's due diligence with respect to the Project; and
 - e) shall submit to PacifiCorp Transmission Services a request for network transmission service relating to the project within seven (7) days after execution of a power purchase agreement, or otherwise as early as practicable based on the applicable PacifiCorp Transmission Services tariff;
 - f) shall complete credit, legal, upper management and any other required internal reviews of proposed terms and conditions within twenty-one (21) days after agreement was reached on a proposed final version of a power purchase agreement; and
 - g) shall submit a fully executed power purchase agreement to the Commission for approval within seven (7) days of execution.
9. **Required Pricing Update.** The prices in the proposed power purchase agreement provided by the Company under Section I.B.6 shall be recalculated by the Company using the most recent available pricing inputs and methods approved by the Commission, but without a change in the QF project's pricing queue priority, if the QF Developer and the Company have not executed a power purchase agreement within six (6) months after indicative pricing was provided by the Company under Section I.B.4, except to the extent delays are caused by Company actions or inactions, which may include delays in obtaining legal, credit or upper management approval by the Company.
10. **Removal from QF Pricing Queue.** In addition to the circumstances described in I.B.5 and I.B.7, at any time during the process outlined in I.B.3 through I.B.9, the Company shall remove a QF project from the QF pricing queue, and any associated indicative prices, proposed prices or proposed agreement previously provided will no longer be valid, if any of the following occurs with respect to a QF project:

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

- a) A material change in the point of interconnection;
- b) A change in design capacity of 10% or more of the original specified design capacity;
- c) A change in generation technology (i.e. solar, wind, thermal), including a change between fixed tilt and tracking solar projects. Changes in the quantity and timing of monthly power deliveries will not cause removal from the QF pricing queue so long as the basic generation technology and design capacity have not changed;
- d) A change in the online date specified in the information provided under Section I.B.2.f of more than three (3) months earlier or later; or
- e) A PPA has not been executed by both parties within five (5) months after the proposed PPA was provided by the Company to the Developer, except to the extent delays are caused by Company actions or inactions.

11. **Standard PPA Terms.** Absent Commission approval to the contrary for good cause shown, a power purchase agreement executed under this Schedule shall include the following terms and conditions, among others:

- a) The scheduled commercial operation date must not be greater than thirty (30) months after the execution date of the power purchase agreement;
- b) The QF Developer must sign a System Impact Study Agreement with PacifiCorp Transmission (refer to Section 42.2 or Section 51.4 of PacifiCorp's OATT) within 120 days of the date a Commission Order approving the agreement has become final and non-appealable; and
- c) The QF Developer must provide 100% of the project development security within 30 days of the date a Commission Order approving the PPA has become final and non-appealable.

II. Process for Negotiating Interconnection Agreements

In addition to negotiating a power purchase agreement, QFs intending to make sales to the Company are also required to enter into an interconnection agreement that governs the physical interconnection of the project to the Company's transmission or distribution system. The Company's obligation to make purchases from a QF is conditioned upon all necessary interconnection arrangements being consummated.

It is recommended that the owner initiate its request for interconnection as early in the planning process as possible, to ensure that necessary interconnection arrangements proceed in a timely manner on a parallel track with negotiation of the power purchase agreement. Interconnection agreements (both transmission and distribution level voltages) are handled by the Company's power delivery function, PacifiCorp Transmission Services.

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

II. Process for Negotiating Interconnection Agreements (continued)

A. Communications

Initial communications regarding interconnection agreements should be directed to the Company in writing as follows:

PacifiCorp Transmission Services
Interconnection Requests
825 NE Multnomah St, Suite 1600
Portland, Oregon 97232
QFrequests@pacificorp.com

B. Procedures

Generally, the interconnection process involves (1) initiating a request for interconnection, (2) completion of studies to determine the system impacts associated with the interconnection and the design, cost, and schedules for constructing any necessary interconnection facilities, (3) execution of an interconnection agreement.

The QF project owner is responsible for all interconnection costs assessed by the Company on a nondiscriminatory basis.

For interconnections greater than twenty (20) megawatts, the Company will process the interconnection application through PacifiCorp Transmission Services generally following the procedures for studying the generation interconnection described in the Company's Open Access Transmission Tariff, PacifiCorp FERC Electric Tariff, Fifth Revised Volume No. 11 Pro Forma Open Access Transmission Tariff (OATT), as the same may be changed or updated, on file with the Federal Energy Regulatory Commission (FERC). A copy of the OATT is available on-line at <http://www.oasis.pacificorp.com>.

For interconnections equal to or less than twenty (20) megawatts, the Company will process the interconnection application in accordance with Utah Admin. Code R746-312.

The Company's interconnection forms and agreements, are provided electronically at the following address: <http://www.pacificorp.com/tran/ts/gip/qf.html>

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

III. Process for Filing a Complaint with the Commission on Contract Terms

The Commission has both informal and formal dispute resolution processes which can be reviewed on the Commission website at the following address: <http://www.psc.utah.gov/complaints/index.html>.

These processes are available for any matter as to which the Commission has jurisdiction, which may include (i) QF PPA contracts, (ii) small QF interconnection agreements (less than 20 MW), and (iii) large QF interconnection agreements (more than 20 MW), so long as all of the QF output is sold exclusively to the Company. To the extent any portion of the QF output is sold to anyone other than the Company, a QF generation interconnection may be subject to FERC jurisdiction. Nothing in this Schedule will affect the jurisdiction of the Commission or FERC, and all parties will retain any and all rights they may have under any applicable state or federal statutes or regulations.

EXHIBIT 24

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Review of Electric
Service Schedule No. 38, Qualifying
Facilities Procedures, and Other Related
Procedural Issues

DOCKET NO. 14-035-140
ORDER APPROVING SETTLEMENT
AGREEMENT ON SCHEDULE 38
PROCEDURES

ISSUED: June 9, 2015

SHORT TITLE

**Rocky Mountain Power
Electric Service Schedule No. 38 Procedures Decision**

SYNOPSIS

The Commission approves an uncontested settlement agreement resolving all issues in this docket except for PacifiCorp's capacity contribution study for wind and solar resources. The settlement agreement addresses issues including queue management, power purchase agreement milestones, and avoided cost modeling updates. Parties agree the settlement agreement's terms are in the public interest and will result in rates that are just and reasonable.

TABLE OF CONTENTS

APPEARANCES..... iii

I. PROCEDURAL HISTORY AND BACKGROUND 1

II. SETTLEMENT AGREEMENT..... 5

III. PARTIES' POSITIONS..... 5

A. PacifiCorp 5

B. Division 7

C. Office..... 8

D. UCE..... 9

E. SunEdison..... 9

IV. DISCUSSION, FINDINGS, AND CONCLUSIONS 9

V. ORDER 12

ATTACHMENT: SETTLEMENT AGREEMENT 18

DOCKET NO. 14-035-140

- iii -

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Rex Olsen, Esq. Utah Office of the Attorney General	"	Office of Consumer Services
Sophie Hayes, Esq. Utah Clean Energy	"	Utah Clean Energy
Gary A. Dodge, Esq. Hatch, James & Dodge, PC	"	SunEdison, LLC

I. PROCEDURAL HISTORY AND BACKGROUND

This matter is before the Public Service Commission of Utah (“Commission”) regarding a settlement agreement (“Settlement Agreement”) filed by PacifiCorp, dba Rocky Mountain Power (“PacifiCorp” or “Company”), on May 5, 2015.

On August 22, 2014, PacifiCorp filed its quarterly compliance filing for Electric Service Schedule No. 38 “Qualifying Facility Procedures” (“Schedule 38”) avoided cost input changes for the second quarter of 2014 (“Quarterly Compliance Filing”) in Docket No. 14-035-40.¹ On September 22, 2014, the Division of Public Utilities (“Division”), the Office of Consumer Services (“Office”), Utah Clean Energy (“UCE”), and SunEdison, LLC (“SunEdison”) filed initial comments on the Quarterly Compliance Filing addressing multiple issues related to Schedule 38. On October 6, 2014, the Commission convened a scheduling conference (“October Scheduling Conference”) and issued a notice of status and scheduling conference to be held on November 6, 2014.

On October 9, 2014, PacifiCorp filed its capacity contribution study for wind and solar resources (“Capacity Contribution Study”) in compliance with the Commission’s August 16, 2013, Order on Phase II Issues in Docket No. 12-035-100² (“2013 Avoided Cost Order”). In the Capacity Contribution Study, PacifiCorp proposed capacity contribution values for wind and

¹ See *In the Matter of Rocky Mountain Power’s 2014 Avoided Cost Input Changes Quarterly Compliance Filing*, Docket No. 14-035-40.

² See *In the Matter of the Application of Rocky Mountain Power for Approval of Changes to Renewable Avoided Cost Methodology for Qualifying Facilities Projects Larger than Three Megawatts*, Docket No. 12-035-100, (Order on Phase II Issues; August 16, 2013).

DOCKET NO. 14-035-140

- 2 -

solar resources based on the capacity factor approximation method, pursuant to the Commission's direction in the 2013 Avoided Cost Order.

On October 14, 2014, the Division filed a memorandum recommending that to facilitate a comprehensive review of the issues surrounding Schedule 38, the Commission open a new docket combining review of the Capacity Contribution Study in Docket No. 12-035-100 with the issues raised by parties regarding the Quarterly Compliance Filing in Docket No. 14-035-40. In response to the Division's request, on October 27, 2014, the Commission issued a Notice of Status and Scheduling Conference ("October Notice") opening Docket No. 14-035-140, providing a review of the issues identified by parties in these two dockets. Pursuant to the October Notice, on October 30, 2014, the Office filed a list of issues to be addressed and on October 31, 2014, the Division, UCE, and SunEdison filed issues for consideration. Also pursuant to the October Notice, on November 7, 2014, the Commission issued a Scheduling Order and Notices of Technical Conferences and Status and Scheduling Conference ("Scheduling Order").

Pursuant to the Scheduling Order, on December 2, 2014, the Commission held technical conferences to allow PacifiCorp to present its Capacity Contribution Study and to discuss its queue management policies for qualifying facilities ("QF") and power purchase agreement milestones. On January 6, 2015, the Commission held a technical conference to allow PacifiCorp to discuss its Schedule 38 avoided cost modeling process.

On January 9, 2015, PacifiCorp filed a Motion for Expedited Approval of Capacity Contribution Study and CF Method Values ("Motion for Expedited Approval") in Docket Nos.

DOCKET NO. 14-035-140

- 3 -

14-035-140 and 12-035-100. On January 12, 2015, the Commission issued a First Order Amending Scheduling Order noticing a Status and Scheduling Conference on January 21, 2015, allowing parties to address PacifiCorp's Motion for Expedited Approval. In resolution of PacifiCorp's Motion for Expedited Approval, all parties at the status and scheduling conference agreed to an expedited schedule for final resolution of all issues raised in PacifiCorp's Motion for Expedited Approval and all other issues to be addressed in this docket. On January 23, 2015, the Commission issued a Scheduling Order and Notices of Technical Conference and Hearing ("January Scheduling Order") consistent with the procedural schedule agreed to by the parties at the scheduling conference.

On April 27, 2015, PacifiCorp informed the Commission that parties in this docket were engaged in settlement negotiations and requested the Commission modify the procedural schedule to accommodate ongoing negotiations. On April 27, 2015, the Commission issued its First Order Amending Scheduling Order ("April Scheduling Order") modifying the January Scheduling Order and extending the deadline for direct testimony on all issues, except for the Capacity Contribution Study, to May 5, 2015.

On April 28, 2015, the Division and UCE filed direct testimony on the Capacity Contribution Study.

On May 5, 2015, pursuant to the April Scheduling Order, and at the request of the intervening parties, the Commission canceled the technical conference previously scheduled for May 6, 2015. Also on May 5, 2015, PacifiCorp filed the Settlement Agreement signed by the following parties (collectively, the "Settling Parties"): PacifiCorp, the Division, the Office,

DOCKET NO. 14-035-140

- 4 -

UCE, SunEdison, and Scatec Solar North America, Inc. (“Scatec”). PacifiCorp recommended the Commission vacate the testimony deadlines for all issues in this docket except issues related to the Capacity Contribution Study, and also requested the Commission consider the Settlement Agreement at a separate hearing on May 26, 2015. The Settling Parties also requested the option to provide pre-filed written testimony addressing the Settlement Agreement in advance of the proposed Settlement Agreement hearing.

On May 8, 2015, the Commission issued its Second Order Amending Scheduling Order (“May Scheduling Order”) modifying the remaining dates of the schedule in this docket, pursuant to the Settling Parties’ requests outlined in the Settlement Agreement.

On May 19, 2015, the Commission issued an action request (“May 19th Action Request”) to the Division to receive clarifying information on components of the Settlement Agreement. Specifically, the Commission asked the Division to:

1. Investigate why language regarding requirements for cogeneration facilities with a design capacity of 100,000 kW, as approved in Docket No. 12-035-101,³ is absent from both the original and revised sheets for Schedule 38;
2. Clarify the meaning of references to “draft” or “proposed” Power Purchase Agreements (“PPA”) which appear to be used interchangeably in the Settlement Agreement;
3. Determine if Item 5.1 on Sheet No. 38.2 correctly references Section I.B.10 of the proposed Schedule 38;
4. Clarify the meaning of the term “months” used to describe the period of timelines and associated triggering events in the proposed Schedule 38;
5. Determine how and when missing contact email addresses within the proposed Schedule 38 would be supplied.

On May 22, 2015, SunEdison filed comments in support of the Settlement Agreement.

³ See *In the Matter of the Application of Rocky Mountain Power for Approval of Changes to Tariff Schedule No. 38, Qualifying Facility Procedures*, Docket No. 12-035-101, (Order on Tariff Modifications; March 21, 2013).

Pursuant to the May Scheduling Order, on May 26, 2015, the Commission convened a hearing to examine the Settlement Agreement.

II. SETTLEMENT AGREEMENT

PacifiCorp represents the Settling Parties held a series of settlement discussions commencing in late February 2015 and continuing through mid-April 2015. With the exception of the Capacity Contribution Study, the Settling Parties state the Settlement Agreement resolves most of the issues raised in this docket, including queue management, power purchase agreement milestones and avoided cost modeling updates. The Settling Parties agree the Settlement Agreement's settlement terms are in the public interest and will result in rates that are just and reasonable. The Settling Parties will address issues related to the Capacity Contribution Study, pursuant to the May Scheduling Order.

The Settlement Agreement contains 34 numbered paragraphs and an exhibit containing the proposed Schedule 38 tariff, both in clean and redline versions. The Settlement Agreement and exhibit, excluding the redlined tariff sheets, is attached to and incorporated in this order.

III. PARTIES' POSITIONS

A. PacifiCorp

At hearing, PacifiCorp provided a witness in support of the Settlement Agreement. PacifiCorp provided an overview of events in this and related dockets and a summary of the Settlement Agreement. PacifiCorp testifies the Settlement Agreement resolves all issues in this docket related to QF pricing queue management, QF power purchase agreement milestones, and QF avoided cost modeling updates. PacifiCorp states the modifications made in these areas are

intended to improve efficiency and transparency of the process through which QFs receive indicative pricing and negotiate power purchase agreements with PacifiCorp and will benefit both QFs and PacifiCorp.

At hearing, PacifiCorp responded to the Commission's May 19th Action Request. PacifiCorp acknowledged approved language for cogeneration facilities with a design capacity of 100,000 kW was inadvertently excluded from both the current and proposed Schedule 38 and is not opposed to including language stating cogeneration facilities greater than 100,000 kW seeking a term of ten years or more must participate in a Company competitive Request for Proposal ("RFP") bidding process in the Application section of the proposed Schedule 38. PacifiCorp also recommends including the website link where information on the PacifiCorp RFP process can be found in the proposed Schedule 38's Application section. PacifiCorp testifies the terms "proposed" and "draft" PPA as used in the Settlement Agreement have the same meaning, and is not opposed to modifying the Settlement Agreement to consistently use the term "proposed" PPA throughout the document.

PacifiCorp testifies Item 5.1 on Sheet No. 38.2 correctly references Section I.B.10 on Sheet No. 38.8.

After discussion on the issue of the term "months" at hearing, PacifiCorp recommends the tariff should include a definition stating that when the term "month" is used, the intended

meaning is 30 days. PacifiCorp testifies it is not opposed to adding clarifying language to the tariff regarding this issue.

Finally, PacifiCorp testifies it will include full contact email addresses in the final version of the proposed Schedule 38 tariff, which it intends to file following a Commission order in this docket.

PacifiCorp testifies the Settling Parties worked in good faith to achieve a workable agreement. PacifiCorp states it supports the Settlement Agreement, believes it is in the public interest, and recommends the Commission approve it with the modifications identified above.

B. Division

The Division provided a witness at the hearing in support of the Settlement Agreement. The Division testifies the Settlement Agreement helps address Division concerns, especially those regarding the QF pricing queue management process. Specifically, the Division testifies the proposed Schedule 38 terms will introduce specific milestones that will reduce the number of speculative projects holding positions in the pricing queue for lengthy time periods, and will help expedite the completion of viable QF projects.

The Division testifies the Settlement Agreement is a significant improvement to the current process, is just and reasonable and in the public interest. The Division does not oppose PacifiCorp's responses to the May 19th Action Request, as described above. The Division recommends the Commission approve the Settlement Agreement, as modified by PacifiCorp's May 19th Action Request responses.

C. Office

The Office provided a witness in support of the Settlement Agreement at the hearing. The Office testifies the proposed Schedule 38 tariff now contains components that address the Office's concerns about PPA milestones, management of the number of potential QFs in the QF pricing queue, and the review and implementation of changes to avoided cost modeling assumptions used to develop PPA prices.

The Office testifies the proposed tariff contains explicit deadlines that, if not met, will result in a QF being removed from the pricing queue and also includes requirements that update indicative prices if they are more than 6 months old at the time the PPA is executed. The Office testifies the proposed Schedule 38 tariff requires that a QF's scheduled commercial operation date must occur no more than 30 months after the execution date of the PPA, and also requires a QF to sign a transmission system impact study agreement within 120 days of receiving Commission approval of the PPA. The Office notes the Settlement Agreement provides interested parties a process for reviewing proposed modeling assumption changes, particularly for non-routine changes, and provides an opportunity for parties to challenge those updates prior to implementation.

Regarding the May 19th Action Request, the Office agrees with PacifiCorp's proposed responses, but desires an opportunity to review the references to "draft" or "proposed" PPAs before it makes a final determination on this issue. The Office states that if it finds any objections to PacifiCorp's response on this issue, it will file an appropriate response.

The Settlement Agreement, according to the Office, resolves issues in a way that maintains ratepayer indifference, provides comparable treatment to a project, and does not result in undue barriers to QF development. The Office testifies the Settlement Agreement is just and reasonable and in the public interest and recommends the Commission approve the Settlement Agreement.

D. UCE

UCE counsel represents UCE supports the Settlement Agreement.

E. SunEdison

SunEdison counsel noted a witness could be made available at hearing to address Commission questions about the Settlement Agreement.

IV. DISCUSSION, FINDINGS, AND CONCLUSIONS

The Settling Parties represent a diversity of interests and customer groups. These Settling Parties agree the Settlement Agreement is in the public interest, and all of its terms and conditions will produce fair, just, and reasonable results. All testimony and exhibits filed in this docket, and all sworn testimony provided at hearing, are entered into this docket as evidence supporting the Settlement Agreement. No intervening party opposes the Settlement Agreement.

Regarding proposed tariff Sheet No. 38.1, Item 3 which discusses the interconnection process, we find it would be useful for PacifiCorp to include a reference to Section 2.B in tariff Sheet No. 38.10 which describes interconnection process procedures. At hearing, PacifiCorp agreed with this recommendation.

After further consideration regarding the concept of months, as that term is used in the proposed Schedule 38 tariff, PacifiCorp recommends the tariff should include a definition stating that when the term "month" is used, the intended meaning is 30 days, as noted above. We find it would be helpful for PacifiCorp to include a definition in the tariff consistent with the response it provided at the hearing.

Based on the Settling Parties' responses to the May 19th Action Request at hearing, we direct PacifiCorp to make the following modifications to the proposed Schedule 38:

1. Insert the following language in the proposed Schedule 38's Application section on Sheet No. 38.3: "Cogeneration Facilities greater than 100,000 kW seeking a term of ten years or more must participate in a Company competitive bidding process (RFP). Information on Company RFPs can be found at <http://www.pacificorp.com/sup/rfps.html>;"
2. Insert the term "proposed" in all instances where the term "draft" PPA is used in the Settlement Agreement;
3. Prepare a consistent definition of the term "months" and insert it in Schedule 38, as appropriate;
4. Correct and complete contact email addresses and insert these changes in Schedule 38, as discussed above;
5. Modify tariff Sheet No. 38.1, Item 3 to include a reference to Section 2.B where the interconnection process is described.

The Settling Parties testify these changes are not material and no party opposes their incorporation in the Settlement Agreement. PacifiCorp agrees to update and correct the proposed Schedule 38 tariff to include these modifications and will file a revised version for review by the Commission.

As we have noted in previous orders, settlements of matters before the Commission are, by statute, encouraged at any stage of our proceedings.⁴ The Commission may approve a

⁴ See Utah Code Ann. § 54-7-1.

stipulation or settlement after considering the interests of the public and other affected persons, if it finds the stipulation or settlement in the public interest.⁵ In reviewing a settlement, the Commission also may consider whether it was the result of good faith, arms-length negotiation.⁶ When reviewing a settlement involving a rate increase, the Commission may limit factors and issues to be considered in its determination of just and reasonable rates.⁷

Our consideration of the Settlement Agreement is guided by Utah statutory provisions in Utah Code Ann. § 54-7-1, *et seq.*, encouraging informal resolution of matters brought before the Commission. Based on our consideration of the evidence before us, the testimony and recommendations of the Parties, the Settlement Agreement terms and conditions, and the applicable legal standards, we find approval of the Settlement Agreement to be in the public interest and find it constitutes a reasonable and lawful basis for establishing just and reasonable rates.

Based on the foregoing, the Commission approves the Settlement Agreement, with the modifications identified above. Our approval of the Settlement Agreement, as in similar cases, is not intended to alter any existing Commission policy or to establish any Commission precedent.

⁵ See *Utah Dept. of Admin. Services v. Public Service Comm'n*, 658 P.2d 601, 613-14 (Utah 1983).

⁶ See *id.* at 614, n.24.

⁷ See Utah Code Ann. § 54-7-1(4).

V. ORDER

1. The Settlement Agreement and exhibit (excluding the redline Schedule 38 tariff sheets) is attached and incorporated into this order by reference.
2. We approve the Settlement Agreement, and all of its terms and conditions, as modified by the following Schedule 38 language changes:
 - a) Insert the following language in Schedule 38's Application section on Sheet No. 38.3: "Cogeneration Facilities greater than 100,000 kW seeking a term of ten years or more must participate in a Company competitive bidding process (RFP). Information on Company RFPs can be found at <http://www.pacificorp.com/sup/rfps.html>;"
 - b) Insert the term "proposed" in all instances where the term "draft" PPA is used in the Settlement Agreement;
 - c) Prepare a consistent definition of the term "months" and insert it in Schedule 38, as appropriate;
 - d) Correct and complete contact email addresses as discussed above;
 - e) Modify tariff Sheet No. 38.1, Item 3 to include a reference to Section 2.B where the interconnection process is described.
3. PacifiCorp shall file the revised Schedule 38 with the noted modifications within 30 days of the date of this order.

DOCKET NO. 14-035-140

- 13 -

DATED at Salt Lake City, Utah, this 9th day of June, 2015.

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary

DW#266796

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this written Order by filing a written request with the Commission within 30 days after the issuance of this Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission does not grant a request for review or rehearing within 20 days after the filing of the request, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirements of §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on the 9th day of June, 2015, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Electronic-Mail:

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DOCKET NO. 14-035-140

- 17 -

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DOCKET NO. 14-035-140

- 18 -

ATTACHMENT: SETTLEMENT AGREEMENT

2. The Parties represent that this Stipulation is just and reasonable in result. The Parties recommend that the Public Service Commission of Utah (“Commission”) approve the Stipulation and all of its terms and conditions. The Parties request that the Commission make findings of fact and reach conclusions of law based on the evidence and on this Stipulation and issue an appropriate order thereon.

BACKGROUND

3. On August 22, 2014, Rocky Mountain Power (“Company” or “Rocky Mountain Power”) filed its quarterly compliance filing for avoided cost input changes for the second quarter of 2014 in Docket No. 14-035-40.

4. On September 22, 2014, the Division of Public Utilities (“DPU”), the Office of Consumer Services, Utah Clean Energy, and SunEdison, LLC filed initial comments and requested that the Commission hold a scheduling conference to discuss a process and schedule for Docket No. 14-035-40. The Commission issued a notice of status and scheduling conference for Thursday, November 6, 2014.

5. On October 9, 2014, Rocky Mountain Power filed a Compliance Filing together with pre-filed testimony and an exhibit containing the Company’s capacity contribution study (“RMP Study”) for wind and solar resources (“Request”). The Company filed the Request in compliance with the Commission’s Phase II Order in Docket No. 12-035-100 where the Commission directed the Company to complete a capacity contribution study using either

the effective load carrying capability method or the capacity factor approximation method ("CF Method").

6. Generally, the Company requested that the Commission adopt the capacity contribution values derived from the RMP Study and replace the interim capacity contribution values the Commission adopted in the Phase II Order in Docket No. 12-035-100.

7. The Company indicated that the interim values should be replaced in the calculation of capacity payments for wind and solar QF projects under the currently effective and recently approved Proxy/PDDRR method.

8. On October 14, 2015, the DPU filed a memorandum responding to the Company's compliance filing recommending the Commission open a new docket that combines review of the RMP Study in Docket No. 12-035-100 with the issues raised by parties in Docket No. 14-035-40. The DPU stated combining them would allow for a comprehensive review of the issues surrounding tariff Schedule 38. In response to the DPU's request, the Commission opened Docket No. 14-035-140.

9. On November 7, 2014, the Commission issued a Scheduling Order setting a schedule for several technical conferences and discovery. The Parties indicated to the Commission that having several technical conferences at the beginning of the case may narrow the scope of the issues on which they would have to file testimony and eventually litigate in this case.

10. A technical conference on the RMP Study for Wind and Solar Resources was held on December 2, 2014, during which the Company responded to questions submitted by the parties and provided other information.

11. A technical conference on Queue Management and Power Purchase Agreement Milestones was also held on December 2, 2014, during which the Company responded to questions submitted by the parties and provided other information.

12. A technical conference on Avoided Costs Modeling was held on January 6, 2015, during which the Company responded to questions submitted by the parties and provided other information.

13. The Commission issued a First Order Amending the Scheduling Order January 12, 2015.

14. The Commission held another Status and Scheduling Conference January 21, 2015 and issued a Scheduling Order and Notices of Technical Conference and Hearing on January 23, 2015. Pursuant to this order, the Commission scheduled testimony as follows: Direct Testimony responding to the RMP Study and Avoided Cost Input Changes Report and/or Alternative Proposals due April 28, 2015; Technical Conference (Alternative Proposals),

May 6, 2015; Rebuttal Testimony due May 28, 2015; Sur-rebuttal Testimony due June 11, 2015; and Hearings on June 18-19, 2015.

15. The Parties have engaged in discovery.

16. The Parties have held a series of settlement discussions commencing on February 23, 2015 and continuing through April 14, 2015. All intervenors in the docket have been invited to participate in these settlement conferences, to the extent they had intervened on the date the settlement discussions were held.

17. The Parties have now reached agreement on most of the issues raised by parties in this matter, with the exception of the RMP Study, including queue management, power purchase agreement milestones and avoided cost modeling updates and agree that the following settlement terms are in the public interest and will result in rates that are just and reasonable.

SETTLEMENT TERMS

AVOIDED COSTS MODELING ASSUMPTIONS

18. The Parties agree that the Company will identify and explain new or updated assumptions used in modeling avoided costs in its quarterly compliance filings for Schedule 38, and that such updated assumptions will not necessitate an amendment to this Stipulation.

19. The Parties agree that the Company will classify new and updated assumptions as either "Routine Updates" or "Non-Routine Updates". Routine Updates will be incorporated into avoided cost pricing without prior notification or agreement from the parties. A Non-Routine Update may be

incorporated into the avoided cost pricing only after it has been identified in a Schedule 38 quarterly compliance filing, copies of which will be sent to any party who has requested receipt of the same, and either: i) the Non-Routine Update was unchallenged by any party for a period of three weeks after the filing of the quarterly compliance report, or ii) the Non-Routine Update is challenged by any party and resolution is reached either by settlement or later Commission action.

20. The Parties agree that parties may challenge or file comments on both Routine Updates and Non-Routine Updates and the Company may file reply comments. The Commission may be asked to determine whether any challenged updates should be included in avoided cost pricing, and whether challenged updates should be considered Routine or Non-Routine.

21. The Parties agree that Routine Updates are intended to refresh basic model inputs in order to keep the GRID model current, and typically involve changes in operating data that are expected and measurable. Some Routine Updates are implemented shortly after occurrence, such as contract changes or QF pricing queue changes. Many Routine Updates are done on a quarterly basis, such as the updated official forward price curve, the addition of new long-term contracts, changes to the Company's long-term load forecast, new or changed contracts for electricity and natural gas, fuel price forecasts, pipeline expenses, wheeling expenses, electric and gas swaps, actual QF costs, short-term sales, and existing plant attributes such as changes in capacity,

derates, and start-up attributes. Other Routine Updates are done on a semi-annual or other periodic basis, such as inputs to the rolling average historical base period including forced and planned outage rates, heat rate coefficients, market capacity limits, and short-term transmission rights, updated inputs to a Commission-approved method for calculating intermittent resource integration costs, and the timing and nature of resources in the preferred portfolio reflected in a Commission-filed Integrated Resource Plan (“IRP”) or IRP update.

22. The Parties agree that Non-Routine Updates include adding a transmission bubble to the GRID topology, making post-hoc adjustments to the official forward price curves (e.g., to remove carbon costs), changes in calculation methodologies or departures from Commission-approved modeling techniques (e.g., hourly wind shape vs. flat 6-hour block wind shape), and other changes that are reasonably expected to be substantive or difficult to measure. Any party may request Commission guidance on whether a particular update should be considered Routine or Non-Routine.

23. The Parties agree to the following schedule to address contested Routine Updates and Non-Routine Updates, which may include those identified in a quarterly compliance filing:

a. Parties will file a notice with the Commission within three weeks after the Company files its quarterly compliance filing, to identify which specific assumptions, if any, they intend to contest. Failure of any

party to file such notice will not preclude later challenges, but will result in incorporation of unchallenged Non-Routine Updates into avoided cost modeling.

b. A party filing a challenge will ask the Commission to hold a scheduling conference to set a reasonable schedule to address any challenges or other relevant issues.

QF Pricing Queue Management and Power Purchase Agreement Milestones

24. The Parties agree to the changes to QF pricing queue management and the power purchase agreement milestones and to other modifications to Schedule 38 tariff, as set forth in the Revised Schedule 38 attached as Exhibit A.

Transitional Procedures; Unresolved Issue

25. Upon Commission approval of this Stipulation, the Company will promptly notify each QF project currently in the QF pricing queue for which a power purchase agreement has not yet been executed of the requirements of this Stipulation and the new tariff provisions, of such project's status under the new tariff provisions, and of the amount of time remaining for such project to complete the next step to remain in the QF pricing queue under the new tariff requirements, which time shall be a minimum of thirty (30) additional days from the date of notice.

26. The Parties represent that no agreement has been reached with regard to the RMP Study and its capacity contribution values.

GENERAL TERMS AND CONDITIONS

27. Not all Parties agree that each aspect of this Stipulation is warranted or supportable in isolation. Utah Code Ann. §54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result. While the Parties are not able to agree that each specific component of this Stipulation is just and reasonable in isolation, all of the Parties agree that this Stipulation as a whole is just and reasonable in result and in the public interest.

28. All negotiations related to this Stipulation are confidential, and no Party shall be bound by any position asserted in negotiations. Except as expressly provided in this Stipulation, and in accordance with Utah Admin. Code R746-100-10.F.5, neither the execution of this Stipulation nor any Order adopting it shall be deemed to constitute an admission or acknowledgment by any Party of the validity or invalidity of any principle or practice of regulatory accounting or ratemaking; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except in a proceeding to enforce this Stipulation.

29. The Parties agree that no part of this Stipulation or the formulae and methodologies used in developing the same or a Commission Order approving the same shall in any manner be argued or considered as

precedential in any future case except with regard to issues expressly called-out and intended to be resolved on an ongoing basis by this Stipulation. This Stipulation does not resolve and does not provide any inferences regarding, and the Parties are free to take any position with respect to any issues not specifically called-out and settled herein.

30. The Parties request that the Commission hold a hearing on this Stipulation. Rocky Mountain Power, the Division of Public Utilities (“DPU”), and the Office of Consumer Services (“OCS”) each will, and other Parties may, make one or more witnesses available to explain and offer further support for this Stipulation. The Parties shall support the Commission’s approval of this Stipulation. As applied to the DPU and the OCS, the explanation and support shall be consistent with their statutory authority and responsibility.

31. The Parties agree that if any person challenges the approval of this Stipulation or requests rehearing or reconsideration of any order of the Commission approving this Stipulation, each Party will use reasonable efforts to support the terms and conditions of this Stipulation. As applied to the DPU and the OCS, the phrase “use reasonable efforts” means that they shall do so in a manner consistent with their statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Stipulation, no Party shall take a position in that judicial review proceeding in opposition to the Stipulation.

32. Except with regard to the obligations of the Parties under the five immediately preceding paragraphs of this Stipulation, this Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by the Commission.

33. This Stipulation is an integrated whole, and any Party may withdraw from it if it is not approved without material change or condition by the Commission or if the Commission's approval is rejected or materially conditioned by a reviewing court. If the Commission rejects any part of this Stipulation or imposes any material change or condition on approval of this Stipulation or if the Commission's approval of this Stipulation is rejected or materially conditioned by a reviewing court, the Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, any Party retains the right to seek additional procedures before the Commission, including presentation of testimony and cross-examination of witnesses, with respect to issues resolved by the Stipulation, and no party shall be bound or prejudiced by the terms and conditions of the Stipulation.

34. This Stipulation may be executed by individual Parties through two or more separate, conformed copies, the aggregate of which will be considered as an integrated instrument.

DATED this 29th day of April 2015 or 4th day of May 2015.

<p>UTAH OFFICE OF CONSUMER SERVICES</p> <p><u>/s/ Michele Beck</u> Michele Beck Director Office of Consumer Services 160 East 300 South, 2nd Floor Salt Lake City, UT 84114</p>	<p>ROCKY MOUNTAIN POWER</p> <p><u>/s/ R. Jeff Richards</u> R. Jeff Richards Yvonne R. Hogle VP and General Counsel Rocky Mountain Power 201 S. Main St., Suite 2400 Salt Lake City, UT 84111</p>
<p>UTAH DIVISION OF PUBLIC UTILITIES</p> <p><u>/s/ Chris Parker</u> Chris Parker Utah Division of Public Utilities 160 East 300 South, 4th Floor Salt Lake City, UT 84114</p>	<p>SUN EDISON, LLC</p> <p><u>/s/ Gary A. Dodge</u> Gary A. Dodge Hatch James & Dodge 10 West Broadway, Suite 400 Salt Lake City, UT 84101 <i>Attorney for US Magnesium</i></p>
<p>UTAH CLEAN ENERGY</p> <p><u>/s/ Sophie Hayes</u> Sophie Hayes 1014 2nd Avenue, Salt Lake City, Utah 84103 <i>Attorney for Utah Clean Energy</i></p>	<p>SCATEC SOLAR NORTH AMERICA, INC.</p> <p><u>/s/ Luigi Resta</u> Luigi Resta Chief Executive Officer Scatec Solar North America, Inc. 2330 Marinship Way, Suite 300 Sausalito, CA 94965</p>

EXHIBIT A

**ELECTRIC SERVICE SCHEDULES
STATE OF UTAH**

Schedule No.		Sheet No.
1	Residential Service	1.1 - 1.3
2	Residential Service - Optional Time-of-Day Rider - Experimental	2.1 - 2.3
3	Low Income Lifeline Program – Residential Service Optional for Qualifying Customers	3.1 - 3.4
4	Pole Attachments	4.1 - 4.2
6	General Service - Distribution Voltage	6.1 - 6.2
6A	General Service - Energy Time-of-Day Option	6A.1 - 6A.3
6B	General Service - Demand Time-of-Day Option	6B.1 - 6B.3
7	Security Area Lighting – No New Service*	7.1 - 7.5
8	Large General Service – 1,000 kW and Over – Distribution Voltage	8.1 - 8.3
9	General Service - High Voltage	9.1 - 9.3
9A	General Service - High Voltage - Energy Time-of-Day Option No New Service*	9A.1 - 9A.3
10	Irrigation and Soil Drainage Pumping Power Service	10.1 - 10.5
11	Street Lighting – Company-Owned System	11.1 - 11.5
12	Street Lighting – Customer-Owned System	12.1 - 12.7
14	Temporary Service Connection Facilities No New Service*	14.1 - 14.2
15	Outdoor Nighttime Lighting Service, Traffic and Other Signal System Service – Customer-Owned System	15.1 – 15.3
21	Electric Furnace Operations - Limited Service No New Service*	21.1 - 21.3
23	General Service - Distribution Voltage - Small Customer	23.1 - 23.3
31	Back-Up, Maintenance, and Supplementary Power 31.8	31.1 -
32	Service From Renewable Energy Facilities 32.11	32.1 –
33	Generation Replacement Service 33.3	33.1 -
37	Avoided Cost Purchases from Qualifying Facilities	37.1 - 37.7
38	Qualifying Facility Procedures	38.1 - 38.11
70	Renewable Energy Rider – Optional	70.1 - 70.4
71	Energy Exchange Pilot Program Rider	71.1 - 71.5
72	Renewable Energy Rider – Optional Bulk Purchase Option	72.1 - 72.4

(continued)

ROCKY MOUNTAIN POWER

ELECTRIC SERVICE SCHEDULE NO. 38

STATE OF UTAH

Qualifying Facility Procedures

PREFACE:

1. The process outlined in this Schedule is typically applicable to projects already under development. General pricing information may be obtained by reference to quarterly avoided cost pricing updates filed by the Company with the Commission. Those filings can be found on the Public Service Commission of Utah website.
2. All submissions, responses and notices required in this Schedule must be done in electronic or hard copy format. Requests and information may be submitted to the Company at _____@pacificorp.com.
3. The QF pricing queue referenced in this Schedule is independent of and unrelated to the interconnection and transmission services queue maintained and administered by PacifiCorp Transmission Services pursuant to PacifiCorp Transmission Service's FERC approved Open Access Transmission Tariff (OATT), as posted on its Open Access Same-Time Information System (OASIS). The generation interconnection process is a critical and lengthy process that typically must be well underway before a power purchase agreement should be requested. QF Developers are strongly encouraged to gain a clear understanding of the transmission interconnection process and associated costs and timelines before requesting indicative pricing or a power purchase agreement under this schedule.
4. The Company must use its reasonable commercial efforts to meet all Company deadlines specified herein, and shall attempt to make up any Company delays in meeting subsequent Company deadlines. QF Developer deadlines will be extended to reflect Company delays beyond Company deadlines specified herein. Under extenuating circumstances, the Company or a QF Developer may request an extension of any deadlines from the Commission.

(continued)

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ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

PREFACE: (continued)

5. Subject to the specific tariff provisions provided below, the general timelines and deadlines for actions or responses for Developers and the Company in this tariff are summarized here for convenience, along with references to the relevant tariff provisions:

- a) Company must provide Developer illustrative, pro forma contract within seven (7) days of request [Section I.B.1];
- b) Developer may request indicative pricing at any time by submitting required information [Section I.B.2];
- c) Company must notify Developer whether request for indicative pricing is complete within seven (7) days of submission [Section I.B.3];
- d) Company must provide indicative pricing within thirty (30) days of notice of completeness [Section I.B.4];
- e) Developer must request draft power purchase agreement and submit required information within sixty (60) days of receipt of indicative pricing [Section I.B.5];
- f) Company must notify Developer whether request for power purchase agreement and required information is complete within seven (7) days of submission to the Company [Section I.B.6];
- g) Company must provide Developer with draft power purchase agreement within thirty (30) days of notice of completeness [Section I.B.6];
- h) Developer must provide Company with initial comments on and proposed edits to draft power purchase agreement within thirty (30) days of receipt [Section I.B.7];
- i) Company must respond to Developer's initial comments and edits within thirty (30) days of receipt, and commence negotiations over areas of disagreement [Section I.B.8];
- j) Indicative prices must be updated unless a PPA is executed within six (6) months after indicative pricing was provided by the Company [Section I.B.9];
- k) Company must complete all internal reviews and approvals within twenty-one (21) days after agreement is reached on a proposed final version of a power purchase agreement [Section I.B.8];
- l) PPA must be executed within five (5) months after Developer's receipt of draft power purchase agreement [Section I.B.10];
- m) Company must submit power purchase agreement to Commission for approval within seven (7) days of execution [Section I.B.8]; and
- n) Company must submit Transmission Service Request within seven (7) days after execution of purchase power agreement [Section I.B.8].

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

PREFACE: (continued)

6. QF Developers should pay special attention to the fact that, as specified in the tariff sections that follow, a QF project will typically be removed from the QF pricing queue, and any indicative or proposed prices or agreements will no longer be valid, upon occurrence of any of the following events:
 - a) Failure of the QF Developer to submit to the Company a request for a power purchase agreement within sixty (60) days of its receipt of indicative pricing, as specified in Section I.B.5;
 - b) Failure of the QF Developer to submit written comments and proposals within thirty (30) days of its receipt of a proposed power purchase agreement, as specified in Section I.B.7;
 - c) Failure of the parties to execute a power purchase agreement within five (5) months after a draft power purchase agreement was provided by the Company to the QF Developer, as specified in Section I.B.10.e.; or
 - d) A material change in the point of interconnection, a change in design capacity of more than 10%, a change in generation technology, or a change of more than three (3) months in the online date, as specified in Sections I.B.10.a.-d.

7. When a QF project is removed from the QF pricing queue, the developer may request new indicative pricing and a new agreement by timely following all of the steps outlined below, in which case it will be placed in the QF pricing queue as a new project.

AVAILABILITY: To owners of Qualifying Facilities (QFs) in all territory served by the Company in the state of Utah.

APPLICATION: To owners of existing or proposed QFs with a design capacity greater than 1,000 kW for a Cogeneration Facility or greater than 3,000 kW for a Small Power Production facility who desire to make sales to the Company, and to QFs who are not able to obtain pricing under Schedule 37 because the Schedule 37 cap has been reached. Such owners will be required to enter into written power purchase and interconnection agreements with the Company pursuant to the procedures set forth below. Additional or different requirements may apply to Utah QFs seeking to make sales to thirdparties, or out-of-system QFs seeking to wheel power to Utah for sale to the Company.

(continued)

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ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. Process For Negotiating Power Purchase Agreements

A. Communications

Unless otherwise directed by the Company, all communications to the Company regarding QF power purchase agreements should be directed in writing as follows:

Rocky Mountain Power
Manager - QF Contracts
825 NE Multnomah St, Suite 600
Portland, Oregon 97232
_____@pacificorp.com

The Company will respond to all such communications in a timely manner. If the Company is unable to respond on the basis of incomplete or missing information from the QF owner, the Company shall indicate what additional information is required. Thereafter, the Company will respond in a timely manner following receipt of all required information.

B. Procedures

1. **Request for Pro Forma Contract.** The Company shall provide a QF Developer with a pro forma power purchase agreement within seven (7) days of its receipt of a request for the same. The pro forma document provided (i) does not constitute an offer to enter into an agreement, (ii) may include general proposed terms and conditions, and (iii) will not include pricing or project specific information. Anyone who desires to enter into a power purchase agreement with the Company must proceed in accordance with this Schedule to request indicative pricing under Section I.B.2, to request a proposed power purchase agreement under Section I.B.5, and to negotiate and execute a power purchase agreement that is executed by the Company and approved by the Commission.
2. **Request for Indicative Pricing.** To obtain indicative pricing with respect to a proposed project, a QF Developer must provide to the Company the following general project information:
 - a) A general description of the QF project and the QF Developer, including email address and other contact information;
 - b) generation technology and other related technology applicable to the site;

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

- c) design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system;
- d) quantity and timing of monthly power deliveries (including project's ability to respond to dispatch orders from the Company) and an hourly generation profile (12X24 profile minimum, 8760 preferred) in Excel or other spreadsheet format with all formulae intact;
- e) proposed site location and electrical interconnection point;
- f) proposed on-line date and outstanding permitting requirements;
- g) demonstration of ability to obtain QF status (FERC Form 556);
- h) fuel type(s) and source(s);
- i) plans for fuel and transportation agreements (Motive force plans);
- j) proposed length of contract term;
- k) status of transmission interconnection arrangements including interconnection queue number; and
- l) other information promptly and reasonably requested by the Company.

3. **Notice of Completeness and Queue Position.** Within seven (7) days of its receipt of a request for indicative pricing and supporting materials as specified above, the Company shall confirm its receipt of the same and notify the QF Developer whether the submission is substantially complete or if additional information is required. The Company shall not be obligated to provide indicative pricing until all information described in Paragraph I.B.2 has been received from the QF Developer. Indicative pricing will be determined in light of other QF projects in the QF pricing queue ahead of the project, and using inputs and procedures as approved by the Commission. A QF will be added to the QF pricing queue as of the date the Company has confirmed receipt of all project information required in Paragraph I.B.2 and will retain its priority position in the QF pricing queue for purposes of subsequent requests for indicative pricing unless and until removed from the QF pricing queue as provided herein. The Company will notify the QF Developer of the date its project was added to the QF pricing queue. Once a QF Project has been added to the QF pricing queue, in the event additional clarifying information is reasonably required by the Company in order to calculate indicative prices, the deadlines in Section I.B.4 shall be extended on a day for day basis until the requested clarifying information has been provided.

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

4. **Indicative Pricing.** Within thirty (30) days following the date a QF project was added to the QF pricing queue under Section I.B.3, the Company shall provide the QF Developer with indicative pricing, which may include other indicative terms and conditions, tailored to the individual characteristics of the proposed project. For the initial indicative pricing request, the Company will include:
- a) indicative prices along with indicative terms and conditions,
 - b) a link to the Company's most recent quarterly avoided cost price filing with the Commission for an explanation of inputs and the Commission-approved method used to develop indicative prices,
 - c) a list of key model inputs that affected avoided cost pricing and descriptions of any significant changes to inputs since that most recent quarterly avoided cost filing, and
 - d) an explanation of how the developer can obtain additional information, including access to the model used to determine pricing.

For any pricing updates provided after the initial indicative prices, the Company shall provide items a) through d) and a description of any inputs or methods that have changed since the last quarterly filing or the last indicative prices provided. An indicative pricing proposal provided by the Company may be used by the QF Developer to make determinations regarding project planning, financing and feasibility. However, such prices are indicative only and may be subject to change by the Company as specified herein or by the Commission. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties and approved by the Commission. The Commission may approve, reject or conditionally approve a power purchase agreement and may at any time make changes to this Schedule, QF pricing methods and inputs, or terms and conditions applicable to QF pricing and power purchase agreements.

5. **Request for Draft Power Purchase Agreement.** If a QF Developer desires to proceed forward with the project it must, within sixty (60) days of its receipt of indicative pricing, request that the Company prepare and submit for the Developer's review a proposed power purchase agreement. Absent timely submittal of such request, the project will be removed from the QF pricing queue and the indicative prices will no longer be valid. In connection with its request for a power purchase agreement, the Developer must provide the Company with the following additional project information:

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

- a) any available updates to the information specified in Paragraph I.B.2;
- b) evidence of adequate control of proposed site;
- c) identification of and timelines for obtaining any necessary governmental permits, approvals or authorizations;
- d) assurance of fuel supply or motive force;
- e) anticipated timelines for completion of key project milestones;
- f) evidence that any necessary interconnection studies are underway and that the necessary interconnection arrangements can timely be completed in accordance with Part II sufficient for the project to reach energization by the proposed on-line date;
- g) information describing the developer/owner of the proposed project, including name, address, and ownership organization chart; and
- h) other information promptly and reasonably requested by the Company.

6. **Notice of Completeness and Draft PPA.** Within seven (7) days of its receipt of a request for a power purchase agreement and the information specified in Section I.B.5, the Company shall confirm its receipt of the same and notify the Developer whether any additional information is needed. The Company shall provide the Developer with a proposed power purchase agreement within thirty (30) days following the date of the Company's notice that the information required in Paragraph I.B.5 has been received and is substantially complete. The proposed power purchase agreement shall contain a comprehensive set of proposed terms and conditions, including specific pricing based on the indicative pricing provided, as adjusted if necessary in light of specifics of the project. The proposed power purchase agreement will also specify project specific data and exhibits that must be provided by the QF Developer prior to final approval or execution of the PPA. The proposal submitted by the Company shall serve as the basis for subsequent negotiations.
7. **Developer's Initial Comments and Edits.** Within thirty (30) days of receiving a proposed power purchase agreement, the QF Developer shall prepare and deliver to the Company an initial set of written comments and proposals, failing which the Project will be removed from the QF pricing queue and the proposed agreement and prices will no longer be valid.
8. **Company's Response and Responsibilities.** If the QF Developer's proposals are not acceptable, the Company shall commence negotiations on all outstanding areas of disagreement, and:

(continued)

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ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

- I. B. Procedures (continued)**
- a) shall respond to the developer's initial comments and proposals within thirty (30) days, and thereafter respond timely to subsequent comments and proposals;
 - b) will not unreasonably delay negotiations and will respond in good faith to any additions, deletions or modifications to the draft power purchase agreement that are proposed by the QF Developer;
 - c) may request to visit the site of the proposed project if such a visit has not previously occurred;
 - d) may request additional information from the Developer if reasonably necessary to finalize the terms of the power purchase agreement and satisfy the Company's due diligence with respect to the Project; and
 - e) shall submit to PacifiCorp Transmission Services a request for network transmission service relating to the project within seven (7) days after execution of a power purchase agreement, or otherwise as early as practicable based on the applicable PacifiCorp Transmission Services tariff;
 - f) shall complete credit, legal, upper management and any other required internal reviews of proposed terms and conditions within twenty-one (21) days after agreement was reached on a proposed final version of a power purchase agreement; and
 - g) shall submit a fully executed power purchase agreement to the Commission for approval within seven (7) days of execution.
9. **Required Pricing Update.** The prices in the proposed power purchase agreement provided by the Company under Section I.B.6 shall be recalculated by the Company using the most recent available pricing inputs and methods approved by the Commission, but without a change in the QF project's pricing queue priority, if the QF Developer and the Company have not executed a power purchase agreement within six months after indicative pricing was provided by the Company under Section I.B.4, except to the extent delays are caused by Company actions or inactions, which may include delays in obtaining legal, credit or upper management approval by the Company.
10. **Removal from QF Pricing Queue.** In addition to the circumstances described in I.B.5 and I.B.7, at any time during the process outlined in I.B.3 through I.B.9, the Company shall remove a QF project from the QF pricing queue, and any associated indicative prices, proposed prices or proposed agreement previously provided will no longer be valid, if any of the following occurs with respect to a QF project:
(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

- a) A material change in the point of interconnection;
- b) A change in design capacity of 10% or more of the original specified design capacity;
- c) A change in generation technology (i.e. solar, wind, thermal), including a change between fixed tilt and tracking solar projects. Changes in the quantity and timing of monthly power deliveries will not cause removal from the QF pricing queue so long as the basic generation technology and design capacity have not changed;
- d) A change in the online date specified in the information provided under Section I.B.2.f of more than three months earlier or later; or
- e) A PPA has not been executed by both parties within five (5) months after the draft PPA was provided by the Company to the Developer, except to the extent delays are caused by Company actions or inactions.

11. **Standard PPA Terms.** Absent Commission approval to the contrary for good cause shown, a power purchase agreement executed under this Schedule shall include the following terms and conditions, among others:

- a) The scheduled commercial operation date must not be greater than thirty (30) months after the execution date of the power purchase agreement;
- b) The QF Developer must sign a System Impact Study Agreement with PacifiCorp Transmission (refer to Section 42.2 or Section 51.4 of PacifiCorp's OATT) within 120 days of the date a Commission Order approving the agreement has become final and non-appealable; and
- c) The QF Developer must provide 100% of the project development security within 30 days of the date a Commission Order approving the PPA has become final and non-appealable.

II. Process for Negotiating Interconnection Agreements

In addition to negotiating a power purchase agreement, QFs intending to make sales to the Company are also required to enter into an interconnection agreement that governs the physical interconnection of the project to the Company's transmission or distribution system. The Company's obligation to make purchases from a QF is conditioned upon all necessary interconnection arrangements being consummated.

It is recommended that the owner initiate its request for interconnection as early in the planning process as possible, to ensure that necessary interconnection arrangements proceed in a timely manner on a parallel track with negotiation of the power purchase agreement. Interconnection agreements (both transmission and distribution level voltages) are handled by the Company's power delivery function, PacifiCorp Transmission Services.

(continued)

Issued by authority of Report and Order of the Public Service Commission of Utah in Docket No. 14-035-140

FILED: April x, 2015

EFFECTIVE: May x, 2015

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

II. Process for Negotiating Interconnection Agreements (continued)

A. Communications

Initial communications regarding interconnection agreements should be directed to the Company in writing as follows:

PacifiCorp Transmission Services
Interconnection Requests
825 NE Multnomah St, Suite 1600
Portland, Oregon 97232
[@pacificorp.com](mailto:interconnection@pacificorp.com)

B. Procedures

Generally, the interconnection process involves (1) initiating a request for interconnection, (2) completion of studies to determine the system impacts associated with the interconnection and the design, cost, and schedules for constructing any necessary interconnection facilities, (3) execution of an interconnection agreement.

The QF project owner is responsible for all interconnection costs assessed by the Company on a nondiscriminatory basis.

For interconnections greater than twenty (20) megawatts, the Company will process the interconnection application through PacifiCorp Transmission Services generally following the procedures for studying the generation interconnection described in the Company's Open Access Transmission Tariff, PacifiCorp FERC Electric Tariff, Fifth Revised Volume No. 11 Pro Forma Open Access Transmission Tariff (OATT), as the same may be changed or updated, on file with the Federal Energy Regulatory Commission (FERC). A copy of the OATT is available on-line at <http://www.oasis.pacificorp.com>.

For interconnections equal to or less than twenty (20) megawatts, the Company will process the interconnection application in accordance with Utah Admin. Code R746312.

The Company's interconnection forms and agreements, are provided electronically at the following address:
<http://www.pacificorp.com/tran/ts/gip/qf.html>

(continued)

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

III. Process for Filing a Complaint with the Commission on Contract Terms

The Commission has both informal and formal dispute resolution processes which can be reviewed on the Commission website at the following address: <http://www.psc.utah.gov/complaints/index.html>.

These processes are available for any matter as to which the Commission has jurisdiction, which may include (i) QF PPA contracts, (ii) small QF interconnection agreements (less than 20 MW), and (iii) large QF interconnection agreements (more than 20 MW), so long as all of the QF output is sold exclusively to the Company. To the extent any portion of the QF output is sold to anyone other than the Company, a QF generation interconnection may be subject to FERC jurisdiction. Nothing in this Schedule will affect the jurisdiction of the Commission or FERC, and all parties will retain any and all rights they may have under any applicable state or federal statutes or regulations.

EXHIBIT 25



Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>

QF PPA Application

8 messages

Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>

Thu, Apr 18, 2013 at 5:14 AM

To: paul.clements@pacificorp.com

Cc: tony hall <Tonyhall2004@hotmail.com>
[REDACTED]

Pursuant to your directions, provided in our conversation of Monday, April 15, 2013 at 11:37 AM a Qualified Facility (QF) Power Purchase Agreement (PPA) Application ("Application") was hand delivered to your office located at 201 S. Main Street, 23rd floor, in Salt Lake City, Utah at 3:00 pm on Monday, April 15, 2013. The Application was received by the Receptionist who advised that it would be taken to you before days end, as you were currently otherwise engaged.

Following our agreement of the same conversation, please acknowledge and confirm receipt of said Application.

Should you require an additional copy of the Application sent to Rocky Mountain Power, Manager-QF Contracts, 825 NE Multnomah Street, Suite 600, Portland, Oregon 97232, kindly advise our office via written direction.

Thank you for your time and assistance.

Kimberly Ceruti, Executive Director

Ellis-Hall Consultants

A Renewable Energy & Wind Regime Consulting Firm

4733 S. Hiddenwoods Lane, Murray, Utah 84107-6764

P.O. Box 572098, Murray, Utah 84157-2098

Phone: 801-281-1414 Fax: 801-281-5501

kimberly.ceruti@ehc-usa.com

The Recipient is hereby expressly notified that any and all Information contained in this electronic message cannot be used without the Sender's expressed written authorization.

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Clements, Paul {Mkt Function} <Paul.Clements@pacificorp.com>

Thu, Apr 18, 2013 at 9:41

To: Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>

AM

Cc: tony hall <Tonyhall2004@hotmail.com>

We received the application and are reviewing now. We will advise if additional information is required. One thing I will ask for now is a 12x24 matrix in Excel format. We need that to upload your project output information to the model.

From: Kimberly Ceruti [mailto:kimberly.ceruti@ehc-usa.com]
Sent: Thursday, April 18, 2013 5:14 AM
To: Clements, Paul {Mkt Function}
Cc: tony hall
Subject: QF PPA Application

[Quoted text hidden]

Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>
To: "Clements, Paul {Mkt Function}" <Paul.Clements@pacificorp.com>

Thu, Apr 18, 2013 at 9:50 AM

Ok. I will send it as soon as possible. Thank you.

[Quoted text hidden]

Kimberly Ceruti, Executive Director
Ellis-Hall Consultants
A Renewable Energy & Wind Regime Consulting Firm
4733 S. Hiddenwoods Lane, Murray, Utah 84107-6764
P.O. Box 572098, Murray, Utah 84157-2098
Phone: 801-281-1414 Fax: 801-281-5501
kimberly.ceruti@ehc-usa.com

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Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>
To: "Clements, Paul {Mkt Function}" <Paul.Clements@pacificorp.com>

Wed, Apr 24, 2013 at 2:16 PM

Dear Mr. Clements,
Please find attached the 12 x 24 Matrix you requested.
Kindly contact me via email should you require anything else.

I apologize for the delay, [REDACTED]

Thank you kindly,

On Thu, Apr 18, 2013 at 9:41 AM, Clements, Paul {Mkt Function} <Paul.Clements@pacificorp.com> wrote:
[Quoted text hidden]

Kimberly Ceruti, Executive Director
Ellis-Hall Consultants
A Renewable Energy & Wind Regime Consulting Firm

4733 S. Hiddenwoods Lane, Murray, Utah 84107-6764
P.O. Box 572098, Murray, Utah 84157-2098
Phone: 801-281-1414 Fax: 801-281-5501
kimberly.ceruti@ehc-usa.com

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 **Monticello Wind Farm Project Wind Energy Converter Matrix.xlsx**
120K

Clements, Paul {Mkt Function} <Paul.Clements@pacificorp.com>
To: Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>

Wed, May 22, 2013 at 8:55 AM

Kimberly,

Please see attached in response to your request for pricing.

Thanks,

Paul

From: Kimberly Ceruti [mailto:kimberly.ceruti@ehc-usa.com]
Sent: Wednesday, April 24, 2013 2:17 PM
To: Clements, Paul {Mkt Function}
Subject: Re: QF PPA Application

[Quoted text hidden]

 **Monticello Wind Farm Project letter re indicative QF pricing May 22 2013.pdf**
183K

Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>
To: tony hall <Tonyhall2004@hotmail.com>

Wed, May 22, 2013 at 2:26 PM

[Quoted text hidden]

 **Monticello Wind Farm Project letter re indicative QF pricing May 22 2013.pdf**
183K

EXHIBIT 27



Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>

Action Required Q0420 E-Mail Address

1 message

Fishback, Thomas <Thomas.Fishback@pacificorp.com>

Tue, Mar 27, 2012 at 10:26 AM

To: "tony.hall@ehc-usa.com" <tony.hall@ehc-usa.com>, "tonyhall@hotmail.co.uk" <tonyhall@hotmail.co.uk>, "mail@ehc-usa.com" <mail@ehc-usa.com>

Cc: "Tabor, Theresa" <Theresa.Tabor@pacificorp.com>

Hi Tony,

We'd like to have one e-mail address for the EHC customer file.

Would you like the mail@ehc-usa.com be your preferred e-mail address ?

Thanks !
Tom Fishback

[503.813.6102](tel:503.813.6102)

EXHIBIT 28

August 27, 2013

Kimberly Ceruti, Executive Director
Ellis-Hall Consultants
4733 S. Hiddenwoods Lane
Murray, Utah 84107-6764

Delivered via email to kimberly.ceruti@ehc-usa.com

Re: Response to Indicative Pricing Request

Dear Kimberly:

On May 22, 2013, the Company provided indicative pricing for your proposed Monticello Wind Farm project (“Project”) and stated that the indicative prices are, pursuant to Rocky Mountain Power Utah Schedule No. 38 (“Schedule 38”), “merely indicative and are not final and binding. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties and approved by the Commission.”

In the August 16, 2013 Public Service Commission of Utah (“Commission”) order in Phase II of Docket No. 12-035-100, the Commission directed the Company to discontinue use of the market proxy pricing method and to provide indicative avoided cost pricing to wind and solar qualifying facility projects based on the partial displacement differential revenue requirement pricing method. That Commission order also specified capacity contribution levels and integration costs to be applied when calculating indicative avoided costs.

Furthermore, in its December 20, 2012 order in Docket No. 12-035-100, the Commission stated the following on pages 17-18:

“We acknowledge the possibility the outcome of the Phase Two hearings and the interests of ratepayers may require the application of new avoided cost calculations for all large wind QF projects not in possession of executed power purchase agreements when the Phase Two order is issued.”

Your project previously received indicative pricing but is not currently in possession of an executed power purchase agreement. Therefore, pursuant to the Commission orders in Docket No. 12-035-100, the previously provided indicative pricing is no longer valid. Should you desire to receive updated indicative pricing, please submit a request pursuant to Schedule 38.

Regards,



Paul Clements
Power Marketer, PacifiCorp

EXHIBIT 29



*Yvonne R.
Hogle Senior
Counsel
201 S. Main Street, Suite
2300 Salt Lake City, UT
84111
801-220-4050 Office
801-220-3299 Fax
yvonne.hogle@pacificorp.com*

November 16, 2012

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Secretary

RE: In the Matter of the Application of Rocky Mountain Power for Approval of Changes to Renewable
Avoided Cost Methodology for Qualifying Facilities Projects Larger than Three Megawatts –
Docket No. 12-035-100

Dear Mr. Widerburg:

Rocky Mountain Power (“Company”) hereby submits for filing its Direct Testimony in the above
referenced matter. An original and twelve (12) copies of this filing will be provided via hand delivery.
The Company will also provide electronic versions of this filing to psc@utah.gov.

The Company respectfully requests that all formal correspondence and requests for additional
information regarding this filing be addressed to the following:

By E-mail	datarequest@pacificorp.c om dave.taylor@pacificorp.co m
(preferred): By	Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 2000
regular mail:	Portland, OR 97232

Informal inquiries may be directed to Dave Taylor at (801) 220-2923.

Sincerely,

Yvonne R. Hogle
Senior Counsel

Enclosures
Cc: Service List

CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of November, 2012, a true copy of the foregoing was sent via email to the following:

Paul Proctor
Assistant Attorney General
Utah Office of Consumer
Services 160 East 300 South,
5th Floor
Salt Lake City, UT 84111
pproctor@utah.gov

Patricia Schmid
Assistant Attorney General
Utah Division of Public
Utilities 160 East 300 South,
5th Floor Salt Lake City, UT
84111 pschmid@utah.gov

Chris Parker
William
Powell Dennis
Miller
Division of Public Utilities
160 East 300 South, 4th
Floor Salt Lake City, UT
84111
ChrisParker@utah.gov
wpowell@utah.gov
dennismiller@utah.gov

Michele Beck
Cheryl
Murray
Utah Office of Consumer
Services 160 East 300 South,
2nd Floor
Salt Lake City, UT 84111
mbeck@utah.gov
cmurray@utah.gov

Ros Rocco
Vrba Principal
Partner
Long Ridge Wind LLP
P.O. Box 900083
Sandy, Utah 84090-0083
rosvrba@energyofutah.onmicrosoft.com

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>In the Matter of the Application of Rocky Mountain Power for Approval of Changes to Renewable Avoided Cost Methodology for Qualifying Facilities Projects Larger than Three Megawatts</p>	<p>DOCKET NO. 12-035-100</p>
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DIRECT TESTIMONY OF PAUL H. CLEMENTS

November 16, 2012

1 **Q. Please state your name, business address and position with PacifiCorp dba**
2 **Rocky Mountain Power (the Company).**

3 **A. My name is Paul H. Clements. My business address is 201 S. Main, Suite 2300,**
4 **Salt Lake City, Utah 84111. My present position is Senior Originator/Power**
5 **Marketer for PacifiCorp Energy. PacifiCorp Energy and Rocky Mountain Power**
6 **are divisions of PacifiCorp.**

7 **QUALIFICATIONS**

8 **Q. Please briefly describe your education and business experience.**

9 **A. I have a B.S. in Business Management from Brigham Young University. I**
10 **worked in the merchant energy sector for approximately seven years in pricing**
11 **and structuring, origination, and trading roles for Illinova and Duke Energy. I**
12 **have been employed by the Company since 2004 as an originator/power marketer**
13 **responsible for negotiating interruptible retail special contracts, negotiating**
14 **qualifying facility contracts, and managing wholesale or market-based energy and**
15 **capacity contracts with other utilities and power marketers. I am the Company**
16 **representative who negotiates large qualifying facility contracts in Utah.**

17 **TESTIMONY**

18 **Q. What is the purpose of your testimony?**

19 **A. My testimony will demonstrate that the Commission should approve the**
20 **Company's October 9, 2012 Request for Agency Action Motion to Stay given**
21 **current circumstances. My testimony is limited to evidence supporting the**
22 **Company's request that "the Commission immediately stay the application of the**
23 **2005 Order, as defined below, for indicative pricing based on the Market Proxy**

24 method to any wind qualifying facilities (QF) in excess of three (3) megawatts,
25 with the exception of Blue Mountain¹, on or after the filing date of this Request,
26 pending conclusion of this docket.”²

27 **Q. Please summarize the Company’s request for a Motion to Stay.**

28 A. The Company is requesting that the Commission stay the application of the
29 October 31, 2005 Order in Docket No. 03-035-14 (2005 Order) for indicative
30 pricing based on the Market Proxy method to any wind QF in excess of three (3)
31 megawatts pending final resolution of this docket. Wind QFs that request
32 indicative pricing (either new requests or updates to previous requests), after
33 October 9, 2012, the date the Company filed its Request for Motion to Stay
34 Agency Action, but prior to the resolution of this docket, will receive indicative
35 pricing based on the Proxy/Partial Displacement Differential Revenue
36 Requirement (PDDRR) Method.³

37 **Q. What is the difference between the Market Proxy method and the PDDRR**
38 **method?**

39 A. The Market Proxy method requires pricing for a wind QF resource based on the
40 winning bid in the most recently executed renewable request for proposal (RFP).
41 To derive avoided cost prices using the Market Proxy method, the Commission
42 required the use of the Company’s “most recently executed RFP contract ...
43 against which project specific adjustments are made to produce an indicative price

¹ See *In the Matter of Blue Mountain Power Partners, LLC’s Request that the Public Service Commission of Utah Require PacifiCorp to Provide the Approved Price for Wind Power for the Blue Mountain Project*, Docket No. 12-2557-01, Order on Request for Agency Action, September 20, 2012.

² Rocky Mountain Power October 9, 2012 Request for Agency Action Motion to Stay, page 10.

³ In the 2005 Order, the Commission established two separate methodologies for calculating avoided cost prices for large wind QF resources between three (3) and 100 megawatts. The first, the Market Proxy method, is applicable to wind QF resources up to an “IRP target” level of megawatts. The second, the PDDRR method, is applicable to wind QF resources in excess of the IRP target.

44 for wind QFs in Utah.”⁴ The last RFP issued by the Company was the 2009R
45 RFP on July 8, 2009. The 2009R RFP resulted in the selection of the Company’s
46 utility benchmark, the Dunlap wind facility. The Dunlap wind facility is the
47 resource currently used to set the Market Proxy avoided cost price method.

48 For wind resources exceeding the 2011 IRP and 2011 IRP update target,
49 the PDDRR method is used. Under the PDDRR method, the Company performs
50 two energy simulations to determine the system energy value of adding a QF
51 resource, taking into account its specific operating characteristics and point of
52 delivery on the Company’s system. The PDDRR method also provides a capacity
53 payment based on the IRP cost of the “next deferrable resource.” In applying the
54 capacity payment, the method accounts for the difference between the capacity
55 contribution value provided by QF resources and the next deferrable resource.

56 **Q. Why is the Company requesting the Market Proxy method no longer be used**
57 **to provide indicative pricing to wind QFs?**

58 **A. The Market Proxy method results in paying a QF an outdated price that is based**
59 **on costs that no longer reflect the current market price for wind resources.**
60 **Furthermore, the Market Proxy method does not account for the Company’s need**
61 **or timing for future wind resources. The result is that retail customers will pay**
62 **the QF avoided cost prices that are too high. Since the PURPA standard for**
63 **avoided cost pricing is that customers remain indifferent as to whether the energy**
64 **is purchased from the QF or from other resources, customers should not be**
65 **required to pay inflated prices that do not reflect the Company’s current avoided**

⁴ 2005 Order, p. 21.

66 costs. Therefore, a stay is required since the Market Proxy method does not result
67 in prices reflective of current avoided costs.

68 **Q. Please summarize why the Market Proxy method no longer reflects the**
69 **Company's avoided costs.**

70 **A. The Market Proxy method no longer reflects the Company's current avoided costs**
71 **for two primary reasons:**

72 1. The Market Proxy method is based on a price that is at least three
73 years old and is no longer reflective of current wind resource
74 pricing.

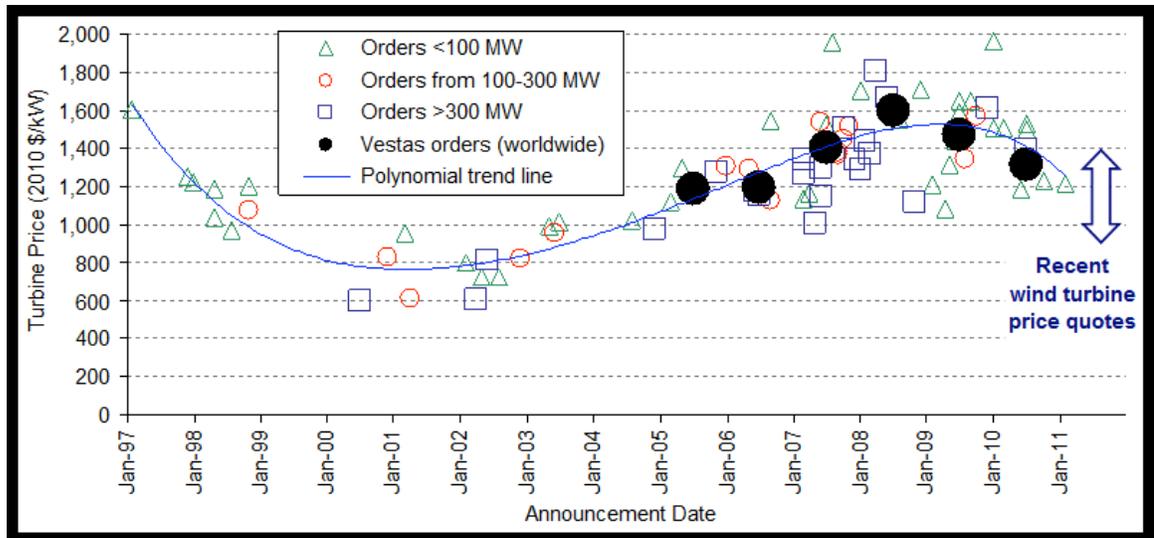
75 2. The Market Proxy method does not take into account the
76 Company's timing and need of future wind resources.

77 Under the Market Proxy method, the Commission required the Company to apply
78 the most recently executed contract from a renewable RFP. Currently, that is the
79 2009R RFP which resulted in the development of the Dunlap wind facility. While
80 the Company routinely issued renewable RFPs between 2005 and 2009, a system-
81 wide RFP has not been issued since 2009 for renewable resources nor does the
82 Company expect to issue a system-wide renewable RFP in the near future because
83 the renewable resources in the IRP are solely to meet renewable compliance
84 requirements in Oregon, Washington and California. As a result, the most recent
85 renewable RFP used in the Market Proxy method is approximately three years out
86 of date and will not be updated because there is no renewable resource need in
87 Utah identified in the 2011 IRP or 2011 IRP update.

88 **Q. What factors have affected the avoided cost of wind since the Company's**
89 **2009 renewable RFP?**

90 **A. First, the price of wind turbines has declined significantly. In a February 2012**
91 **joint report by the Lawrence Berkley National Laboratory and the National**
92 **Renewable Energy Laboratory titled "Recent Developments in the Levelized Cost**
93 **of Energy from U.S. Wind Power Projects"⁵, the authors determined wind turbine**
94 **prices have softened since their highs in 2008. Berkeley Lab gathered price data**
95 **on 81 U.S. wind turbine transactions totaling 23,850 MW announced from 1997**
96 **through early 2011. The chart below depicts these reported wind turbine**
97 **transaction prices (along with the associated trend line), broken out by the size of**
98 **the transaction in MW. The chart also includes the average (global) turbine prices**
99 **reported by a wind turbine manufacturer, Vestas, for the years 2005 through 2010,**
100 **as well as a range of reported pricing (among various turbine manufacturers) for**
101 **transactions signed in 2010 and in early 2011, the most recent data available at the**
102 **time.**

⁵ A copy of the report can be accessed at <http://emp.lbl.gov/publications/recent-developments-levelized-cost-energy-us-wind-power-projects>.



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The chart demonstrates that turbine prices have declined since the Dunlap wind project was selected through a market solicitation in 2009. Continued use of the Market Proxy method, which relies entirely on this outdated Dunlap price, does not reflect the current market conditions and construction costs for wind projects.

Second, the Company has no near-term system resource need for wind or other renewables. In the 2011 IRP Update, the Company's most recently completed plan, there are no wind additions for the state of Utah. The only wind additions in the preferred resource expansion portfolio, scheduled to first come online in November 2018, are included to meet renewable portfolio standards (RPS) in Oregon, Washington and California. Not only does the Company's 2011 IRP Update action plan not contemplate issuance of another renewable RFP for several years, but the next renewable RFP the Company plans to issue will be to acquire renewable resources that are mandated by other states' requirements. Therefore, the Market Proxy method does not take into account the Company's current need, or lack thereof, for wind resources in Utah. Setting prices for a Utah wind QF based on the assumption that it will be used to satisfy another state's

120 RPS requirement presents issues that were not contemplated when the
Market
121 Proxy method was adopted including inter-jurisdictional cost
allocation,
122 environmental attribute ownership, and uncertainty regarding future RPS
123 compliance obligations, among others.

124 **Q. What is the result of using the Dunlap wind project as the Market
Proxy to
125 set avoided costs for Utah wind QFs?**

126 A. The result is that retail customers must pay wind QF prices that exceed
current
127 avoided costs and thus do not leave customers indifferent.

128 **Q. Please explain the impact to customers of using the Market Proxy
method
129 instead of the PDDRR method.**

130 A. The Company has prepared a comparison of the price under the PDDRR
method
131 and the price under the Market Proxy method for a typical Utah wind QF
project.

132 Using a recent pricing request as an example, for a wind project with a
33.9
133 percent capacity factor, the avoided cost price levelized over 20 years
would be
134 \$59.68 per MWh using the Market Proxy method but only \$52.25 per MWh
using
135 the PDDRR method. This difference results in additional costs to the
Company's
136 customers of \$35.3⁶ million nominal over the 20 years, assuming an 80
MW
137 nameplate wind project. Furthermore, the additional costs to customers
of

138 continuing to use the Market Proxy method will increase once the PDDRR
139 method reflects the "Resource Needs Assessment Update for the All-Source
140 Request for Proposals for a 2016 Resource" which was filed with the Commission
141 on September 28, 2012.

⁶ (\$59.68 - \$52.25) x 80 megawatts x 33.9% capacity factor x 8760 hours x 20 years.

142 **Q. Will the stay prohibit developers from moving forward with wind QFs**
143 **in**
Utah?

144 A. No. The Company has a PURPA obligation to purchase the net output
145 from QF projects. Potential wind QFs will receive pricing based on the PDDRR
146 method until Docket No. 12-035-100 is completed and the Commission has issued
147 an order addressing a permanent methodology for determining avoided costs for
148 wind projects. Wind QFs are able to obtain power purchase agreements
149 pursuant to Utah Schedule 38, and the Company will continue to negotiate power
150 purchase agreements during this time.

151 **Q. Please summarize the Utah wind QF indicative pricing requests the**
152 **Company has received in 2012 prior to requesting the stay.**

153 A. The Company received five formal requests for indicative pricing for Utah
154 wind QFs in 2012 prior to requesting the stay on October 9, 2012. The requests
155 are summarized in the table below:

Project	Location	Proposed Online Date	Proposed Size	Indicative Pricing Delivered
Project 1	Monticello, UT	01/01/15	80.0	5/21/2012
Project 2	Beaver, UT	12/31/15	70.4	6/20/2012
Project	Monticello, UT	12/31/13	59.2	6/20/2012

156
157 All five projects received indicative pricing based on the PDDRR method on the
158 dates listed in the table. On October 9, 2012, Project 1 was provided revised
159 indicative pricing based on the Market Proxy method in response to the
160 Commission's September 20, 2012 Order in Docket No. 12-2557-01.

161 **Q. Please summarize the impact to customers if the Market Proxy method is**
 162 **used instead of the PDDRR method for each of the five wind projects.**

163 **A. The chart below illustrates the impact to customers of using the Market Proxy**
 164 **method instead of the PDDRR method for each of the five proposed projects. The**
 165 **total impact to customers is (\$186.2) million nominal. As previously noted, the**
 166 **impact to customers will increase once the Company reflects its most current**
 167 **resource need in the PDDRR calculation.**

Project	Proposed Size	MWhs Over 20 Years	Price Difference Between PDDRR and Market Proxy	Total \$ Impact to Customers Over 20 Year Contract Term
Project 1	80.0	4,754,028	(\$7.43)	(\$35,322,424)
Project 2	70.4	4,442,702	(\$6.39)	(\$28,384,507)
Project 3	59.2	3,302,707	(\$10.62)	(\$35,080,096)
Project 4	80.0	4,908,288	(\$8.67)	(\$42,564,357)
Project 5	80.0	4,908,288	(\$9.13)	(\$44,803,177)

Total for All Five Projects (\$186,154,563)

168

169 **Q. Please summarize the Utah wind QF indicative pricing requests the**
 170 **Company has received in 2012 after requesting the stay.**

171 **A. The Company has received one formal request for indicative pricing since filing**
 172 **its Request for Agency Action Motion to Stay on October 9, 2012. The request**
 173 **was not complete and did not include all of the required information under Utah**
 174 **Schedule 38. The Company requested the developer provide the missing required**
 175 **information prior to calculating indicative pricing. As of the date of this filing,**

176

the missing information has not yet been provided.

177 **Q. Based on the information received in the pricing requests, how would**
178 **you**
179 **describe the status of these projects in terms of where they are in the**
180 **development process?**

180 A. I would describe these projects as being in the early stages of project
181 development. Only one of the projects has an executed Large Generator
182 Interconnection Agreement, and that agreement is currently in suspended
183 mode.
183 The other projects are either in the early stages of the interconnection
184 process or
184 have not yet begun the interconnection process.

185 **Q. Will the stay prohibit or delay the QF project development process?**

186 A. No. Typically the QF's interconnection process is significantly longer than
187 the
187 power purchase agreement negotiation process.

188 **Q. What are the stages of the interconnection process, and how long**
189 **does each**
190 **stage take to complete?**

190 A. Based on information from PacifiCorp Transmission's website⁷, the stages
191 of the
191 generation interconnection process can be described as follows:

- 192 1. Application/validation
- 193 2. Scoping meeting
- 194 3. Feasibility Study (optional)
- 195 4. System Impact Study
- 196 5. Facilities Study
- 197 6. Interconnection agreement
- 198 7. Engineering, procurement and construction

199 As noted on PacifiCorp Transmission's website, stages 1-6 identify the upgrades
200 and investments required to reliably interconnect the projects. These steps also
201 determine the cost of the interconnection upgrades and the timeline to complete
202 the work. The study steps can require up to one year or more. Stage 7 is initiated

⁷ <http://www.pacificorp.com/tran/ts/gjp.html>

203 after an agreement is signed and can require 6 to 18 months with the timing
204 dependent upon the actual upgrades required.

205 **Q. In what stage are most of the QFs who have requested indicative pricing?**

206 **A. All but one of the QFs are in stages 1-5. One QF has an executed Large**
207 **Generator Interconnection Agreement that is stage 6, but is in suspended**
208 **mode.**
209 **All of the QFs will require at least 6 to 18 months to complete step 7**
210 **(engineering, procurement and construction) prior to coming online. And all**
211 **but**
212 **one QF will require completion of studies and an executed Large**
213 **Generator**
214 **Interconnection Agreement, which could take up to one year, prior to**
215 **executing a**
216 **QF power purchase agreement.**

213 **Q. Based on the foregoing, what do you recommend?**

214 **A. I recommend that the Commission immediately stay the application of the**
215 **2005**
216 **Order for indicative pricing based on the Market Proxy method to any wind**
217 **QF in**
218 **excess of three (3) megawatts, with the exception of Blue Mountain⁸,**
219 **pending**
220 **conclusion of this docket. I further recommend that the Commission order**
221 **that**
222 **Wind QFs that request indicative pricing (either new requests or updates to**
223 **previous requests), after October 9, 2012, the date the Company filed its**
224 **Request**
225 **for Motion to Stay Agency Action, but prior to the resolution of this docket,**
226 **receive indicative pricing based on the PDDRR Method. Lastly, consistent**
227 **with**
228 **Utah Schedule No. 38, prices are only final and binding to the extent**
229 **contained in**
230 **a power purchase agreement executed by both parties and approved by**
231 **the**

⁸ See *In the Matter of Blue Mountain Power Partners, LLC's Request that the Public Service Commission of Utah Require PacifiCorp to Provide the Approved Price for Wind Power for the Blue Mountain Project*, Docket No. 12-2557-01, Order on Request for Agency Action, September

20, 2012.

- 224 Commission⁹, and the Company will update pricing at appropriate intervals to
- 225 accommodate any changes to the Company's avoided costs
- 226 calculations¹⁰.
- 226 **Q. Does this conclude your testimony?**
- 227 **A. Yes.**

⁹ Rocky Mountain Power Electric Service Schedule No. 38, State of Utah, Sheet No. 38.3.

¹⁰ Rocky Mountain Power Electric Service Schedule No. 38, State of Utah, Sheet No. 38.5.

EXHIBIT 30

From: Kimberly Ceruti <kimberly.ceruti@ehc-usa.com>
Sent: Monday, August 29, 2016 4:20 PM
To: Clements, Paul {Mkt Function}
Subject: [INTERNET] Pricing for PPA

This message originated outside of Berkshire Hathaway Energy's email system. Use caution if this message contains attachments, links or requests for information. Verify the sender before opening attachments, clicking links or providing information.

Paul,

We wish to move forward with our PPAs for the indicative pricing Pacificorp issued in May 2013.

Please advise what the next step is.

Kindly respond to this email no later than five (5) days from today.

Thank you,

Kimberly Ceruti, Executive Director

Ellis-Hall Consultants

A Renewable Energy & Wind Regime Consulting Firm

kimberly.ceruti@ehc-usa.com

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EXHIBIT 35

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RE: Monticello PPA?

From: **tony hall** (tonyhall2004@hotmail.com)
Sent: 17 October 2013 05:18:14
To: Clements, Paul {Mkt Function} (paul.clements@pacificorp.com)

Thanks,
I look forward to hearing from you at your earliest.
Tony

From: Paul.Clements@pacificorp.com
To: tonyhall2004@hotmail.com
Subject: RE: Monticello PPA?
Date: Thu, 17 Oct 2013 03:45:01 +0000

Tony,

I have completed making the edits we discussed and provided it to my legal team for review last week. I hope to have the next turn of the document ready for your review on Friday. We can then set up a time to meet next week to discuss.

Paul

From: tony hall [tonyhall2004@hotmail.com]
Sent: Wednesday, October 16, 2013 4:16 PM
To: Clements, Paul {Mkt Function}
Subject: Monticello PPA?

hi Paul,
at the conclusion of our last meeting we agreed that some progress on the PPA could be achieved by last Friday.
As yet I have not received anything from you.
Please provide an update on when I should receive some movement forward.
Regards,
Tony

EXHIBIT 38

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Monticello PPA

From: **tony hall** (tonyhall2004@hotmail.com)

Sent: 05 November 2013 14:34:50

To: paul.clements@pacificcorp.com (paul.clements@pacificcorp.com)

Morning Paul,

Contrary to our conversation, I now believe an appeal has been filed. I am advised this is normal in this situation.

However I wish to proceed on the basis of our conversations and move forward with the PPA to a point where the pricing as proposed in the original offer is the final issue to be agreed and confirmed by the due process.

With Regards,

Tony

EXHIBIT 39

Blue Mountain Power Partners

Public Service Commission - Complaint Against PacifiCorp

September 2015



**IMPROPER
ACTIONS OF PACIFICOP
EQUIVALENT TO RACKETEERING**

Bad Acts of PacifiCorp



Blue Mountain
Power Partners

- **After PacifiCorp caused 12 months of initial delays by allowing interference to our PPA approval by a non-related party to Blue Mountain, PacifiCorp solicited us to purchase our project in July 2014. PacifiCorp told Blue Mountain it was buying our project for the sole purpose to kill our PPA to save \$66 Million. PacifiCorp never requested development security during this process.**
- **The parties agreed to a Confidentiality Agreement and Blue Mountain provided PacifiCorp access to its confidential data room with confidential financial, performance, land, permitting, procurement and construction pricing and schedules**
- **Blue Mountain continued to respond to enormous data requests from PacifiCorp and to provide other specific confidential project information**
- **Blue Mountain never heard from PacifiCorp again except when pressed for status and an email received saying “passing” in October 2014 with no explanation or discussion. 15 months is wasted at that point by PacifiCorp.**

Bad Acts by PacifiCorp



Blue Mountain
Power Partners

- **Blue Mountain has been irrevocably harmed and has no choice, but to pursue damages from PacifiCorp for its racketeering and bad faith dealings with Blue Mountain**
- **PacifiCorp by killing and terminating the Blue Mountain PPA; has effectively destroyed the Blue Mountain wind project; will retain the existing transmission capacity applied for and awarded to Blue Mountain for its project and tell the PSC that it saved \$66 million from this PPA.**
- **PacifiCorp is motivated to terminate the Blue Mountain PPA as part of its defense and public image against the charges of Ellis-Hall that PacifiCorp showed negligence to Ellis Hall when in fact it is due to PacifiCorp's lack of properly administering its PURPA responsibilities and improper conduct of the PSC renewable process.**

Bad Acts of PacifiCorp



- **PacifiCorp lied to the The Public Service Commission of Utah and the State of Utah on its renewable procurement.**
- **PacifiCorp fought established PSC policy against Blue Mountain as far back as October 2012 when the PSC orders PacifiCorp to provide Blue Mountain Indicative Wind Power Pricing under the Market Price Proxy Method.**
- **PacifiCorp delays the PPA process by 9 months by only executing the PPA with Blue Mountain in July of 2013**

Bad Acts of PacifiCorp



Blue Mountain
Power Partners

- **PacifiCorp then issues the PPA under false pretenses currying favor with the Utah PSC on its renewable procurement while at the same time setting up Blue Mountain for PPA forfeiture by causing Ellis Hall to commence litigation. The first set of litigation is not unappealable until June 29, 2014, a full year after our PPA was signed on July 3rd, 2013.**
- **PacifiCorp caused Blue Mountain to spend millions of dollars in Utah on a wind project in the financially distressed San Juan County, always knowing it would terminate the Blue Mountain PPA.**

Bad Acts of PacifiCorp



Blue Mountain
Power Partners

- **PacifiCorp continues highly litigious posturing with Ellis Hall causing the Ellis Hall litigation to prevent clear possession of PPA by Blue Mountain.**
- **PacifiCorp on its own initiative, then solicits Blue Mountain in July 2014 to buy the Blue Mountain Project with the sole stated reason by PacifiCorp of terminating our PPA.**
- **Blue Mountain spent millions of dollars in Utah on a wind project while PacifiCorp telling Blue Mountain it has a binding PPA but concurrently trying to buy the project from Blue Mountain to kill the PPA**

Bad Acts of PacifiCorp



- **PacifiCorp knows lack of clear possession of PPA by Blue Mountain will cause Blue Mountain to miss key milestone dates in the PPA. PacifiCorp causes over 20 months of intentional delays.**
- **PacifiCorp then commits racketeering by threatening Blue Mountain to re-apply for a lower price PPA under the Avoided Cost pricing by threatening to terminate the PPA and PacifiCorp then follows through and terminates PPA**
- **PacifiCorp then offers to buy the project with a sole stated purpose to kill the PPA causing Blue Mountain to waste more time in providing PacifiCorp with inordinate amounts of confidential information.**

Bad Acts of PacifiCorp



- **PacifiCorp initially admits Ellis Hall Litigation is a Force Majeure event and then denies Force Majeure over a year later, after it fakes to purchase project from Blue Mountain and kill the PPA.**
- **Blue Mountain requests mediation and during mediation process under the PPA, PacifiCorp terminates the PPA.**
- **PacifiCorp denies San Juan County and Blue Mountain of a \$160 Million wind project and then fails to agree to mediators proposal.**

Mediation with PacifiCorp



Blue Mountain
Power Partners

- **PacifiCorp attends mediation but refuses to abide by the mediator's ruling.**
- **PacifiCorp continues to deny Blue Mountain its rights to monetary damages and continues to ignore its obligations to Blue Mountain for its bad conduct; from this current date and over the period commencing July 2012 when Blue Mountain initially requested the PPA.**
- **Blue Mountain will be seeking \$160 Million in damages from PacifiCorp and its senior officers and directors.**

Blue Mountain Wind Project, San Juan County, UT



Overview



Blue Mountain
Power Partners

80 MW Blue Mountain Wind Project



Overview



Blue Mountain
Power Partners

Engineering

- Preliminary Geotech, Site Plan and Engineering completed

Construction

- 8 excavations for turbine foundations, road to those locations completed December 2013 as well as concrete pads completed

Cultural

- No eligible cultural sites within project site plan. 2 years of eagle studies completed last week.

Wind Resource

- 3 new 60-meter meteorological towers installed Fall 2013

Interconnect

- System Impact Study Completed; available capacity confirmed
- Facility Study Completed
- Large Generator Interconnect Agreement (LGIA) executed

Permits

- San Juan County Conditional Use Permit - May 2, 2013

PPA

- PPA Executed with PacifiCorp – July 3, 2013

Financing Mandate

- Financing Mandate executed with RaboBank and Term Sheet Issued – August 22, 2013

Building Permit

- San Juan County Building Permit – November 7, 2013

Site Plan (looking south)



Start of Construction 12/2013



Blue Mountain
Power Partners



Start of Construction 12/2013



Blue Mountain
Power Partners



Start of Construction 12/2013



Blue Mountain
Power Partners



Start of Construction 12/2013



Blue Mountain
Power Partners



Start of Construction 12/2013



Blue Mountain
Power Partners



Start of Construction 12/2013



Blue Mountain
Power Partners



EXHIBIT 40

PACIFICORP

OPEN ACCESS TRANSMISSION TARIFF

FERC ELECTRIC TARIFF

VOLUME No. 11

The OATT herein contains all currently-effective tariff revisions, including those approved in the settlement of Docket No. ER11-3643 related to the transmission rate case (the subsequent tariff compliance filing following the settlement order is still pending before the Federal Energy Regulatory Commission).

The OATT also includes language from the following docket that is still pending a final order from the Commission:

- Docket No. ER12-2508 - OATT Revised Section 14 Compliance Filing

I.	COMMON SERVICE PROVISIONS.....	1
1	Definitions.....	1
1.1	Affiliate	1
1.2	Ancillary Services	1
1.3	Annual Transmission Costs	1
1.3A	Annual Transmission Revenue Requirement (ATRR)	1
1.4	Application	1
1.5	Commission	1
1.6	Completed Application	2
1.7	Control Area	2
1.8	Curtailment	2
1.9	Delivering Party	2
1.10	Designated Agent	3
1.11	Direct Assignment Facilities	3
1.11A	Disturbance Recovery Event	3
1.12	Eligible Customer	3
1.13	Facilities Study	4
1.14	Firm Point-To-Point Transmission Service	4
1.15	Good Utility Practice	4
1.16	Interruption	5
1.17	[Reserved]	5
1.18	Load Shedding	5
1.19	Long-Term Firm Point-To-Point Transmission Service	5
1.20	Native Load Customers	5
1.21	Network Customer	5
1.22	Network Integration Transmission Service	5
1.23	Network Load	6
1.24	Network Operating Agreement	6
1.25	Network Operating Committee	6
1.26	Network Resource	6
1.27	Network Upgrades	7
1.28	Non-Firm Point-To-Point Transmission Service	7
1.29	Non-Firm Sale	7
1.30	Open Access Same-Time Information System (OASIS)	7
1.30A	PacifiCorp COI Segment	7
1.31	Part I	7
1.32	Part II	8
1.33	Part III	8
1.34	Part IV	8
1.35	Part V	8
1.36	Parties	8
1.37	Point(s) of Delivery	8
1.38	Point(s) of Receipt	8

1.39	Point-To-Point Transmission Service	9
1.40	Power Purchaser	9
1.41	Pre-Confirmed Application	9
1.42	Real Power Losses	9
1.43	Receiving Party	9
1.44	Regional Transmission Group (RTG)	9
1.45	Reserved Capacity	10
1.46	Retail Access	10
1.47	Retail End-User	10
1.48	Secondary Receipt and Delivery Points	10
1.49	Service Agreement	10
1.50	Service Commencement Date	11
1.51	Short-Term Firm Point-To-Point Transmission Service	11
1.52	System Condition	11
1.53	System Impact Study	11
1.54	Third-Party Sale	11
1.55	Transmission Customer	12
1.56	Transmission Provider	12
1.57	Transmission Provider's Monthly Transmission System Peak	12
1.58	Transmission Service	12
1.59	Transmission System	12
1.60	Umbrella Service Agreement	12
1.61	Working Day	13
1.62	Zone	
2	Initial Allocation and Renewal Procedures	14
2.1	Initial Allocation of Available Transfer Capability	14
2.2	Reservation Priority For Existing Firm Service Customers	14
3	Ancillary Services	16
3.1	Scheduling, System Control and Dispatch Service	18
3.2	Reactive Supply and Voltage Control from Generation or Other Sources Service	18
3.3	Regulation and Frequency Response Service ...	18
3.4	Generator Regulation and Frequency Response Service	18
3.5	Energy Imbalance Service	18
3.6	Operating Reserve - Spinning Reserve Service	18
3.7	Operating Reserve - Supplemental Reserve Service	18

3.8	Generator Imbalance Service	18
4	Open Access Same-Time Information System (OASIS)....	19
5	Local Furnishing Bonds.....	20
5.1	Transmission Providers That Own Facilities Financed by Local Furnishing Bonds	20
5.2	Alternative Procedures for Requesting Transmission Service	20
6	Reciprocity.....	22
7	Billing and Payment.....	23
7.1	Billing Procedure	23
7.2	Interest on Unpaid Balances	23
7.3	Customer Default	23
8	Accounting for the Transmission Provider's Use of the Tariff.....	25
8.1	Transmission Revenues	25
8.2	Study Costs and Revenues	25
9	Regulatory Filings.....	26
10	Force Majeure and Indemnification.....	27
10.1	Force Majeure	27
10.2	Indemnification	27
11	Creditworthiness.....	28
12	Dispute Resolution Procedures.....	29
12.1	Internal Dispute Resolution Procedures	29
12.2	External Arbitration Procedures	29
12.3	Arbitration Decisions	30
12.4	Costs	30
12.5	Rights under the Federal Power Act	30
12A	Undergrounding Existing Transmission Facilities....	31
12A.1	Obligations for Costs of Undergrounding Existing Transmission Facilities	31
12A.2	Estimate of Undergrounding Costs	31
12A.3	Payment of Estimated Undergrounding Costs ...	31
12A.4	Payment of Actual Undergrounding Costs	31
12B	Undergrounding Planned Transmission Facilities....	33
12B.1	Obligations for Costs of Undergrounding	

	Planned Transmission Facilities	33
12B.2	Estimated Incremental Undergrounding Costs ...	33
12B.3	Payment of Estimated Incremental Undergrounding Costs	33
12B.4	Payment of Actual Incremental Undergrounding Costs	33
II.	POINT-TO-POINT TRANSMISSION SERVICE	35
	Preamble	35
13	Nature of Firm Point-To-Point Transmission Service ...	36
13.1	Term	36
13.2	Reservation Priority	36
13.3	Use of Firm Transmission Service by the Transmission Provider	38
13.4	Service Agreements	38
13.5	Transmission Customer Obligations for Facility Additions or Redispatch Costs	39
13.6	Curtailment of Firm Point-To-Point Transmission Service	40
13.7	Classification of Firm Transmission Service ..	41
13.8	Scheduling of Firm Point-To-Point Transmission Service	42
14	Nature of Non-Firm Point-To-Point Transmission Service	44
14.1	Term	44
14.2	Reservation Priority	44
14.3	Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider	45
14.4	Service Agreements	45
14.5	Classification of Non-Firm Point-To-Point Transmission Service	46
14.6	Scheduling of Non-Firm Point-To-Point Transmission Service	46
14.7	Curtailment or Interruption of Service	47
15	Service Availability	49
15.1	General Conditions	49
15.2	Determination of Available Transfer Capability	49
15.3	Initiating Service in the Absence of an Executed Service Agreement	49
15.4	Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment	49

15.5	Deferral of Service	51
15.6	Other Transmission Service Schedules	51
15.7	Real Power Losses	51
16	Transmission Customer Responsibilities.....	52
16.1	Conditions Required of Transmission Customers	52
16.2	Transmission Customer Responsibility for Third-Party Arrangements	52
17	Procedures for Arranging Firm Point-To-Point Transmission Service.....	54
17.1	Application	54
17.2	Completed Application	54
17.3	Deposit	55
17.4	Notice of Deficient Application	56
17.5	Response to a Completed Application	57
17.6	Execution of Service Agreement	57
17.7	Extensions for Commencement of Service	58
17.8	Expedited Treatment for Requests for and Reservation of Short-Term Firm Point-To-Point Transmission Service	58
18	Procedures for Arranging Non-Firm Point-To-Point Transmission Service.....	60
18.1	Application	60
18.2	Completed Application	60
18.3	Reservation of Non-Firm Point-To-Point Transmission Service	61
18.4	Determination of Available Transfer Capability	62
19	Additional Study Procedures for Firm Point-To-Point Transmission Service Requests.....	63
19.1	Notice of Need for System Impact Study	63
19.2	System Impact Study Agreement and Cost Reimbursement	63
19.3	System Impact Study Procedures	64
19.4	Facilities Study Procedures	65
19.5	Facilities Study Modifications	67
19.6	Due Diligence in Completing New Facilities ...	67
19.7	Partial Interim Service	67
19.8	Expedited Procedures for New Facilities	68
19.9	Penalties for Failure to Meet Study Deadlines	68
19.10	Clustering of Point-to-Point Studies	70

20	Procedures if the Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service.....	73
20.1	Delays in Construction of New Facilities	73
20.2	Alternatives to the Original Facility Additions	73
20.3	Refund Obligation for Unfinished Facility Additions	74
21	Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities.....	75
21.1	Responsibility for Third-Party System Additions	75
21.2	Coordination of Third-Party System Additions	75
22	Changes in Service Specifications.....	76
22.1	Modifications On a Non-Firm Basis	76
22.2	Modification On a Firm Basis	77
23	Sale or Assignment of Transmission Service.....	78
23.1	Procedures for Assignment or Transfer of Service	78
23.2	Limitations on Assignment or Transfer of Service	78
23.3	Information on Assignment or Transfer of Service	79
24	Metering and Power Factor Correction at Receipt and Delivery Points(s).....	80
24.1	Transmission Customer Obligations	80
24.2	Transmission Provider Access to Metering Data	80
24.3	Power Factor	80
25	Compensation for Point-To-Point Transmission Service.....	81
26	Stranded Cost Recovery.....	82
27	Compensation for New Facilities and Redispatch Costs.....	83
III.	NETWORK INTEGRATION TRANSMISSION SERVICE.....	84
	Preamble.....	84

28	Nature of Network Integration Transmission Service...	85
28.1	Scope of Service	85
28.2	Transmission Provider Responsibilities	85
28.3	Network Integration Transmission Service	85
28.4	Secondary Service	86
28.5	Real Power Losses	86
28.6	Restrictions on Use of Service	86
29	Initiating Service.....	87
29.1	Condition Precedent for Receiving Service ...	87
29.2	Application Procedures	87
29.3	Technical Arrangements to be Completed Prior to Commencement of Service	92
29.4	Network Customer Facilities	92
29.5	Filing of Service Agreement	92
30	Network Resources.....	93
30.1	Designation of Network Resources	93
30.2	Designation of New Network Resources	93
30.3	Termination of Network Resources	94
30.4	Operation of Network Resources	95
30.5	Network Customer Redispatch Obligation	96
30.6	Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider	96
30.7	Limitation on Designation of Network Resources	97
30.8	Use of Interface Capacity by the Network Customer	97
30.9	Network Customer Owned Transmission Facilities	97
31	Designation of Network Load.....	98
31.1	Network Load	98
31.2	New Network Loads Connected With the Transmission Provider	98
31.3	Network Load Not Physically Interconnected with the Transmission Provider	98
31.4	New Interconnection Points	99
31.5	Changes in Service Requests	99
31.6	Annual Load and Resource Information Updates	99
32	Additional Study Procedures for Network Integration Transmission Service Requests.....	100
32.1	Notice of Need for System Impact Study	100

32.2	System Impact Study Agreement and Cost Reimbursement	100
32.3	System Impact Study Procedures	101
32.4	Facilities Study Procedures	102
32.5	Penalties for Failure to Meet Study Deadlines	103
32.6	Clustering of Network Service Studies	103
33	Load Shedding and Curtailments	107
33.1	Procedures	107
33.2	Transmission Constraints	107
33.3	Cost Responsibility for Relieving Transmission Constraints	107
33.4	Curtailments of Scheduled Deliveries	108
33.5	Allocation of Curtailments	108
33.6	Load Shedding	108
33.7	System Reliability	108
34	Rates and Charges	110
34.1	Monthly Demand Charge	110
34.2	Determination of Network Customer's Monthly Network Load	110
34.3	Redispatch Charge	110
34.4	Stranded Cost Recovery	110
35	Operating Arrangements	111
35.1	Operation under the Network Operating Agreement	111
35.2	Network Operating Agreement	111
35.3	Network Operating Committee	112
IV.	LARGE GENERATION INTERCONNECTION SERVICE	113
	LGIP Table of Contents	113
36	Definitions	116
37	Scope and Application	128
37.1	Application of Standard Large Generator Interconnection Procedures	128
37.2	Comparability	128
37.3	Base Case Data	128
37.4	No Applicability to Transmission Service ...	128
38	Interconnection Requests	129
38.1	General	129

38.2	Identification of Types of Interconnection Services	129
38.3	Valid Interconnection Request	132
38.4	OASIS Posting	134
38.5	Coordination with Affected Systems	135
38.6	Withdrawal	135
39	Queue Position.....	137
39.1	General	137
39.2	Clustering	137
39.3	Transferability of Queue Position	138
39.4	Modifications	138
40	Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Generator Interconnection Procedures.....	141
40.1	Queue Position for Pending Requests	141
40.2	New Transmission Provider	142
41	Interconnection Feasibility Study.....	144
41.1	Interconnection Feasibility Study Agreement	144
41.2	Scope of Interconnection Feasibility Study	145
41.3	Interconnection Feasibility Study Procedures	145
41.4	Re-Study	146
42	Interconnection System Impact Study.....	147
42.1	Interconnection System Impact Study Agreement	147
42.2	Execution of Interconnection System Impact Study Agreement	147
42.3	Scope of Interconnection System Impact Study	148
42.4	Interconnection System Impact Study Procedures	149
42.5	Meeting with Transmission Provider	149
42.6	Re-Study	150
43	Interconnection Facilities Study.....	151
43.1	Interconnection Facilities Study Agreement ..	151
43.2	Scope of Interconnection Facilities Study ..	151
43.3	Interconnection Facilities Study Procedures ..	152
43.4	Meeting with Transmission Provider	153

43.5	Re-Study	153
44	Engineering & Procurement ("E&P") Agreement.....	154
45	Optional Interconnection Study.....	155
45.1	Optional Interconnection Study Agreement ...	155
45.2	Scope of Optional Interconnection Study	156
45.3	Optional Interconnection Study Procedures ...	156
46	Standard Large Generator Interconnection Agreement (LGIA).....	157
46.1	Tender	157
46.2	Negotiation	157
46.3	Execution and Filing	158
46.4	Commencement of Interconnection Activities ..	159
47	Construction of Transmission Provider's Interconnection Facilities and Network Upgrades....	160
47.1	Schedule	160
47.2	Construction Sequencing	160
48	Miscellaneous.....	163
48.1	Confidentiality	163
48.2	Delegation of Responsibility	168
48.3	Obligation for Study Costs	168
48.4	Third Parties Conducting Studies	169
48.5	Disputes	170
48.6	Local Furnishing Bonds	172
V.	SMALL GENERATION INTERCONNECTION SERVICE.....	174
	SGIP Table of Contents.....	174
49	Application.....	176
50	Fast Track Process.....	180
51	Study Process.....	187
52	Provisions that Apply to All Interconnection Requests.....	193
SCHEDULE 1		
	Scheduling, System Control and Dispatch Service.....	198
SCHEDULE 2		
	Reactive Supply and Voltage Control from Generation or Other Sources Service.....	202

SCHEDULE 3	
Regulation and Frequency Response Service.....	204
SCHEDULE 3A	
Generator Regulation and Frequency Response Service.....	206
SCHEDULE 4	
Energy Imbalance Service.....	209
SCHEDULE 5	
Operating Reserve - Spinning Reserve Service.....	211
SCHEDULE 6	
Operating Reserve - Supplemental Reserve Service.....	215
SCHEDULE 7	
Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service.....	219
SCHEDULE 8	
Non-Firm Point-To-Point Transmission Service.....	222
SCHEDULE 9	
Generator Imbalance Service.....	224
SCHEDULE 10	
Real Power Losses.....	226
SCHEDULE 11	
Unauthorized Use of Transmission Service.....	229
ATTACHMENT A	
Form Of Service Agreement For Firm Point-To-Point Transmission Service.....	231
ATTACHMENT A-1	
Form Of Service Agreement For The Resale, Reassignment Or Transfer Of Point-To-Point Transmission Service.....	236
ATTACHMENT B	
Form of Umbrella Service Agreement For Non-Firm Point-To-Point Transmission Service.....	240
ATTACHMENT C	
Methodology To Assess Available Transfer Capability.....	242
ATTACHMENT D	
Methodology for Completing a System Impact Study.....	255
ATTACHMENT E	
Index of Point-to-Point Transmission Service Customers...	256
ATTACHMENT F	
Service Agreement For Network Integration Transmission Service.....	257
ATTACHMENT G	
Form of Network Operating Agreement.....	258
ATTACHMENT H	
Annual Transmission Revenue Requirement For Network Integration Transmission Service.....	259
ATTACHMENT H-1	
PacifiCorp's Formula Rate.....	260

ATTACHMENT H-2	
Formula Rate Implementation Protocols.....	298
ATTACHMENT I	
Index Of Network Integration Transmission Service Customers.....	313
ATTACHMENT J	
Reserved for Future Use.....	314
ATTACHMENT K	
Transmission Planning Process.....	315
ATTACHMENT L	
Creditworthiness Procedures.....	354
ATTACHMENT M	
Special Conditions Associated with Transmission Service Provided Pursuant to State Mandated Retail Access Programs.....	360
ATTACHMENT N	
APPENDICES TO LGIP.....	364
APPENDIX 1	
Interconnection Request for a Large Generating Facility.....	365
APPENDIX 2	
Interconnection Feasibility Study Agreement.....	371
APPENDIX 3	
Interconnection System Impact Study Agreement.....	375
APPENDIX 4	
Interconnection Facilities Study Agreement.....	380
APPENDIX 5	
Optional Interconnection Study Agreement.....	386
APPENDIX 6	
Standard Large Generator Interconnection Agreement..	389
APPENDIX 7	
Interconnection Procedures for a Wind Generating Plant.....	504
ATTACHMENT O	
APPENDICES TO SGIP.....	505
APPENDIX 1	
Glossary of Terms.....	506
APPENDIX 2	
Small Generator Interconnection Request.....	509
APPENDIX 3	
Certification Codes and Standards.....	516
APPENDIX 4	
Certification of Small Generator Equipment Packages.....	518
APPENDIX 5	

Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10 kW ("10 kW Inverter Process")	520
APPENDIX 6	
Feasibility Study Agreement	530
APPENDIX 7	
System Impact Study Agreement	537
APPENDIX 8	
Facilities Study Agreement	545
APPENDIX 9	
Small Generator Interconnection Agreement	553
ATTACHMENT P	
Index of Generation Interconnection Customers	595
ATTACHMENT Q	
Wholesale Electric Quadrant Standards of the North American Energy Standards Board	596
ATTACHMENT R	
[RESERVED]	598
ATTACHMENT S	
Provisions Relating to Transmission Service Between Malin and Round Mountain	599

I. COMMON SERVICE PROVISIONS

1 Definitions

1.1 Affiliate:

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

1.2 Ancillary Services:

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

1.3 Annual Transmission Costs:

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

1.3A Annual Transmission Revenue Requirement (ATRR):

The transmission revenue requirement calculated annually using the formula rate set forth in Attachment H-1.

1.4 Application:

A request by an Eligible Customer for Transmission Service, Network Integration Transmission Service or Generation Interconnection Service pursuant to the provisions of the Tariff.

1.5 Commission:

The Federal Energy Regulatory Commission.

1.6 Completed Application:

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

1.7 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.

The term Control Area as used throughout this Tariff shall be understood to be equivalent to a Balancing Authority Area, as defined by the North American Electric Reliability Corporation.

1.8 Curtailment:

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

1.9 Delivering Party:

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

1.10 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.

1.11 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 or Generation Interconnection Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer or the Generation Interconnection Customer and shall be subject to Commission approval.

1.11A Disturbance Recovery Event

Any abnormal system condition occurring in a neighboring Balancing Authority that requires automatic or immediate action to prevent or limit the failure of transmission facilities or generation supply that could adversely affect the reliability of the Transmission Provider's Transmission System or other Transmission Systems in the Western Electricity Coordinating Council.

1.12 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.

1.13 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.

1.14 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.

1.15 Good Utility Practice:

Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

1.15 A Interconnection Customer:

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

1.16 Interruption:

A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7 (also "Interrupt").

1.17 [RESERVED]

1.18 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.

1.19 Long-Term Firm Point-To-Point Transmission Service:

The firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

1.20 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.

1.21 Network Customer:

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

1.22 Network Integration Transmission Service:

The transmission service provided under Part III of the Tariff.

1.23 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.

1.24 Network Operating Agreement:

An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

1.25 Network Operating Committee:

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

1.26 Network Resource:

Any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties

or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.

1.27 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.

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

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

1.29 Non-Firm Sale:

An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.

1.30 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.

1.30 A PacifiCorp COI Segment:

The eastern most portion of the two Pacific AC Intertie lines on the California-Oregon Intertie.

1.31 Part I:

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

1.32 Part II:

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

1.33 Part III:

Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.34 Part IV:

Tariff Section 36 to Section 48 pertaining to Standard Generation Interconnection Procedures for generation greater than twenty (20) megawatts in conjunction with the applicable Common Service Provisions of Part I and appropriate schedules and attachments.

1.35 Part V:

Tariff Section 49 pertaining to Generation Interconnection Service lesser than or equal to twenty (20) megawatts in conjunction with the applicable Common Service Provisions of Part I and appropriate schedules and attachments.

1.36 Parties:

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

1.37 Point(s) of Delivery:

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

1.38 Point(s) of Receipt:

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

1.39 Point-To-Point Transmission Service:

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

1.40 Power Purchaser:

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

1.41 Pre-Confirmed Application:

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

1.42 Real Power Losses:

Electrical losses associated with the use of the Transmission Provider's Transmission System and, where applicable, the use of the Transmission Provider's distribution system. Such losses are provided for in Section 15.7, Section 28.5, Schedule 10 and Attachment S of the Tariff.

1.43 Receiving Party:

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

1.44 Regional Transmission Group (RTG):

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

1.45 Reserved Capacity:

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

1.46 Retail Access:

Unbundled Transmission Service pursuant to a state requirement that the Transmission Provider offer transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider providing Retail End-Users of electricity (or their designated agent) the ability to acquire transmission service directly from the Transmission Provider.

1.47 Retail End-User:

A consumer of electric energy receiving either (i) bundled electric service from the Transmission Provider under a retail service tariff subject to state jurisdiction or (ii) Retail Access from the Transmission Provider in lieu of bundled electric service from the Transmission Provider under a retail service tariff subject to state jurisdiction.

1.48 Secondary Receipt and Delivery Points:

The use of alternate delivery or receipt points in Point-to-Point Transmission Service on a non-firm basis in accordance with Section 22 of the Tariff.

1.49 Service Agreement:

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

1.50 Service Commencement Date:

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

1.51 Short-Term Firm Point-To-Point Transmission Service:

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year. Short-Term Firm Point-To-Point Transmission Service of duration of less than one calendar day is sometimes referred to as Hourly Firm Point-To-Point Transmission Service.

1.52 System Condition:

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

1.53 System Impact Study:

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

1.54 Third-Party Sale:

Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network

Load under the Network Integration Transmission Service Agreement.

1.55 Transmission Customer:

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

1.56 Transmission Provider:

PacifiCorp (or its designated agent), which owns, controls, or operates transmission or distribution facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.

1.57 Transmission Provider's Monthly Transmission System Peak:

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

1.58 Transmission Service:

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

1.59 Transmission System:

The facilities (for PacifiCorp that are generally operated at a voltage greater than 34.5 kV) that are owned, controlled or operated by the Transmission Provider; that are used to provide Transmission Service under Part II and Part III of the Tariff; and that are included in the Transmission Provider's transmission revenue requirement periodically filed with the Commission.

1.60 Umbrella Service Agreement:

An executed agreement allowing a Transmission Customer to purchase transmission service from the Transmission Provider in amounts and for prices as posted on the Transmission Provider's OASIS for a term up to one year in length.

1.61 Working Day:

Monday through Friday excluding holidays.

I. COMMON SERVICE PROVISIONS

2 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transfer Capability:

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

2.2 Reservation Priority For Existing Firm Service

Customers: Existing firm service customers (wholesale requirements and transmission-only, with a contract term of five years or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service; provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more. The existing firm service customer must provide notice to the Transmission Provider whether it will exercise its right of first refusal no less than one year prior to the expiration date of its transmission service agreement. This transmission reservation

priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer. Service agreements subject to a right of first refusal entered into prior to August 13, 2008 or associated with a transmission service request received prior to July 13, 2007, unless terminated, will become subject to the five year/one year requirement on the first rollover date after August 13, 2008; provided that, the one-year notice requirement shall apply to such service agreements with five years or more left in their terms as of August 13, 2008. For service on the PacifiCorp COI Segment, the rollover right provisions set forth in Attachment S apply.

I. COMMON SERVICE PROVISIONS

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service.

The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services: (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area: (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve - Supplemental. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. In addition, the Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator) Generator Regulation and Frequency Response Service to the Transmission Customer when transmission service is provided for a generator physically or electrically located in the Transmission Provider's Control Area. Generator Regulation and Frequency Response Service applies to the extent that a Transmission Customer is not already subject to Regulation and Frequency Response Service provided under Schedule 3. The Transmission Customer required to acquire Generator Regulation and Frequency Response Service may do so from the Transmission Provider, from a third party, or by self-supply.

The Transmission Provider is required to provide (or offer to arrange with the local Control Area Operator as discussed below), to the extent it is physically feasible to do so from its resources or from resources available to it, Generator Imbalance Service when Transmission Service

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

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

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 3A, 4, 5, 6, and 9) from a third-party or by self-supply when technically feasible.

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

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that

are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission Provider in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system. Sections 3.1 through 3.8 below list the eight Ancillary Services.

- 3.1 Scheduling, System Control and Dispatch Service:** The rates and/or methodology are described in Schedule 1.
- 3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service:** The rates and/or methodology are described in Schedule 2.
- 3.3 Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 3.
- 3.4 Generator Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 3A.
- 3.5 Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.
- 3.6 Operating Reserve - Spinning Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 5.
- 3.7 Operating Reserve - Supplemental Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 6.
- 3.8 Generator Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 9. An Interconnection Customer must pay the applicable rates for Generator Imbalance Service in accordance with Schedule 9.

I. COMMON SERVICE PROVISIONS

4 Open Access Same-Time Information System (OASIS)

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

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

I. COMMON SERVICE PROVISIONS

5 Local Furnishing Bonds

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

5.2 Alternative Procedures for Requesting Transmission Service:

- (i) If the Transmission Provider determines that the provision of transmission service requested by an Eligible Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such transmission service, it shall advise the Eligible Customer within thirty (30) days of receipt of the Completed Application.
- (ii) If the Eligible Customer thereafter renews its request for the same transmission service referred to in (i) by tendering an application under Section 211 of the Federal Power Act, the Transmission Provider, within ten (10) days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act. The Commission, upon receipt of the Transmission Provider's waiver of its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section

212(c) of the Federal Power Act, shall issue an order under Section 211 of the Federal Power Act. Upon issuance of the order under Section 211 of the Federal Power Act, the Transmission Provider shall be required to provide the requested transmission service in accordance with the terms and conditions of this Tariff.

I. COMMON SERVICE PROVISIONS

6 Reciprocity

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

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

I. COMMON SERVICE PROVISIONS

7 Billing and Payment

- 7.1 Billing 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 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Transmission Provider.
- 7.3 Customer Default:** In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice

in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

I. COMMON SERVICE PROVISIONS

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

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

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

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

I. COMMON SERVICE PROVISIONS

9 Regulatory Filings

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

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

I. COMMON SERVICE PROVISIONS

10 Force Majeure and Indemnification

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

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

I. COMMON SERVICE PROVISIONS

11 Creditworthiness

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

I. COMMON SERVICE PROVISIONS

12 Dispute Resolution Procedures

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

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

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

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

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

12.5 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.

I. COMMON SERVICE PROVISIONS

12A Undergrounding Existing Transmission Facilities

12A.1 Obligations for Costs of Undergrounding Existing Transmission Facilities:

If a Customer requests or requires the Transmission Provider to locate underground a portion of the Transmission Provider's existing overhead Transmission System ("Existing Transmission Facilities"), the Customer shall be responsible for the actual costs associated with undergrounding the Existing Transmission Facilities ("Undergrounding Costs").

12A.2 Estimate of Undergrounding Costs:

The Transmission Provider will provide a Customer that requests or requires the Transmission Provider to underground a portion of the Transmission Provider's Existing Transmission Facilities with an estimate of Undergrounding Costs at least ninety (90) Calendar days prior to the date construction is planned to begin on undergrounding the Existing Transmission Facilities.

12A.3 Payment of Estimated Undergrounding Costs:

A request or requirement by a Customer to underground a portion of the Transmission Provider's Existing Transmission Facilities shall be considered waived if the Customer does not pay the Transmission Provider for the estimated Undergrounding Costs, as provided in section 12B.2, at least sixty (60) Calendar Days prior to the commencement of construction on undergrounding such Existing Transmission Facilities.

12A.4 Payment of Actual Undergrounding Costs:

Within sixty (60) days of the completion of undergrounding the Existing Transmission Facilities, the Transmission Provider will provide to the Customer a statement of actual Undergrounding Costs. To the extent such actual costs exceed the estimated

costs determined in section 12B.2, the Customer will have sixty (60) days to pay the difference to the Transmission Provider. To the extent such actual costs are less than estimated costs determined in section 12B.2, the Transmission Provider will have sixty (60) days to pay the difference to the Customer.

I. COMMON SERVICE PROVISIONS

12B Undergrounding Planned Transmission Facilities

12B.1 Obligations for Costs of Undergrounding Planned Transmission Facilities

If a Customer requests or requires the Transmission Provider to locate underground a portion of the Transmission Provider's planned overhead Transmission System ("Planned Transmission Facilities"), the Customer shall be responsible for the incremental costs associated with undergrounding the Planned Transmission Facilities over and above the costs associated with constructing the Planned Transmission Facilities according to the Transmission Provider's normal planning process consistent with Good Utility Practice ("Incremental Undergrounding Costs").

12B.2 Estimated Incremental Undergrounding Costs

The Transmission Provider will provide a Customer that requests or requires the Transmission Provider to underground a portion of the Transmission Provider's Planned Transmission Facilities with an estimate of Incremental Undergrounding Costs at least ninety (90) Calendar days prior to the date construction is planned to begin on undergrounding the Planned Transmission Facilities.

12B.3 Payment of Estimated Incremental Undergrounding Costs

A request or requirement by a Customer to underground a portion of the Transmission Provider's Planned Transmission Facilities shall be considered waived if the Customer does not pay the Transmission Provider for the estimated Incremental Undergrounding Costs, as provided in section 12C.2, at least sixty (60) Calendar Days prior to the commencement of construction on undergrounding such Planned Transmission Facilities.

12B.4 Payment of Actual Incremental Undergrounding Costs

Within sixty (60) days of the completion of undergrounding the Planned Transmission Facilities, the Transmission Provider will provide to the Customer a statement of actual Incremental Undergrounding Costs. To the extent such actual costs exceed the estimated excess costs determined in section 12C.2, the Customer will have sixty (60) days to pay the difference to the Transmission Provider. To the extent such actual costs are less than the estimated costs determined in section 12C.2, the Transmission Provider will have sixty (60) days to pay the difference to the Customer.

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. For Point-To-Point Transmission Service on the PacifiCorp COI Segment, both the terms and conditions of Part II of the Tariff and those terms and conditions set forth in Attachment S apply. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery.

II. POINT-TO-POINT TRANSMISSION SERVICE

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one hour and the maximum term shall be specified in the Service Agreement. A Purchaser of Short-Term 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 17.8.

13.2 Reservation Priority:

- (i) Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has requested service.
- (ii) Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction or reservation. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration. Among requests or reservations with the same duration and, as relevant, pre-confirmation status (pre-Confirmed, confirmed, or not confirmed), priority will be given to an Eligible Customer's request or reservation that offers the highest price, followed by the date and time of the request or reservation.
- (iii) If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: at 2:00 p.m., or as soon as practicable thereafter, of the preschedule day for the delivery for the hourly

service, one Working Day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, price and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

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

establishes an earliest time such requests are permitted to be submitted, any requests for such service submitted within a five (5) minute window following such earliest time shall be deemed to have been submitted simultaneously during such window. If sufficient transmission capacity is not available to meet all such requests submitted within any such five (5) minute window, the otherwise applicable priorities shall apply to allocation of transmission capacity to such requests; provided that, if the otherwise applicable priorities would be to allocate transmission capacity to transmission requests on a first-come, first-served basis (i.e., in the chronological sequence in which each Transmission Customer has requested service), transmission capacity shall instead be allocated to such competing transmission requests with the same position on the basis of a lottery allocation procedure, as described further in Transmission Provider's business practice, provided that no Transmission Customer will be allocated transmission capacity in excess of the requested amount of any request.

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

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

Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement. The Service Agreement shall, when applicable, specify any conditional curtailment options selected by the Transmission Customer. Where the Service Agreement contains conditional curtailment options and is subject to a biennial reassessment as described in Section 15.4, the Transmission Provider shall provide the Transmission Customer notice of any changes to the curtailment conditions no less than 90 days prior to the date for imposition of new curtailment conditions. Concurrent with such notice, the Transmission Provider shall provide the Transmission Customer with the reassessment study and a narrative description of the study, including the reasons for changes to the number of hours per year or System Conditions under which conditional curtailment may occur.

13.5 Transmission Customer Obligations for Facility

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

provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27 and agrees to either (i) compensate the Transmission Provider for any necessary transmission facility additions or (ii) accept the service subject to a biennial reassessment by the Transmission Provider of redispatch requirements as described in Section 15.4. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

13.6 Curtailment of Firm Point-To-Point 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 and the system directly and indirectly interconnected with Transmission Provider's Transmission System, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. Long-Term Firm Point-to-Point Service subject to conditions described in Section 15.4 shall be curtailed with secondary service in cases where the conditions apply, but otherwise will be curtailed on a pro rata basis with other Firm Transmission Service. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole

discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

13.7 Classification of Firm Transmission Service:

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Point(s) to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Point(s) 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 or unless all or part of such generation from multiple generating units is associated with a NERC-registered Point of Receipt, behind which there are no transmission constraints, in which case the units would be treated as a single Point of Receipt.
- (c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the

Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved.

13.8 Scheduling of Firm Point-To-Point Transmission

Service: Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service (other than Hourly Firm Point-To-Point Transmission Service) must be submitted to the Transmission Provider no later than 10:00 a.m. [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] of the Working Day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Schedules for Hourly Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. of the Working Day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hourly Firm Point-To-Point Transmission Service can be requested on the day of delivery up to twenty (20) minutes prior to the hour of delivery. Hour-to-hour schedules of any

capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a point of receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common Point of Receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Intra-hour scheduling changes will also be permitted if authorized by the Transmission Provider in a business practice and such intra-hour scheduling changes are made in accordance with the scheduling timeline contained in such business practice, provided that all parties to the interchange transaction agree to the modification. 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. For Firm Point-To-Point Transmission Service on the PacifiCorp COI Segment, the scheduling terms and conditions set forth in Attachment S also apply.

II. POINT-TO-POINT TRANSMISSION SERVICE

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

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

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

For any requests for Non-Firm Point-to-Point Transmission Service for which this Tariff establishes an earliest time such requests are permitted to be submitted, any requests for such service submitted during the first five (5) minute window following such earliest time that requests may be submitted shall be deemed to have been submitted simultaneously during such window. If sufficient transmission capacity is not available to meet all such requests submitted within such five (5) minute window, the otherwise applicable priorities shall apply to allocation of transmission capacity to such requests; provided that, if the otherwise applicable priorities would be to allocate transmission capacity to transmission requests on a first-come, first-served basis (i.e., in the chronological sequence in which each Transmission Customer has requested service), transmission capacity shall instead be allocated to such competing transmission requests with the same position on the basis of a lottery allocation procedure, as described further in Transmission Provider's business practice, provided that no Transmission Customer will be allocated transmission capacity in excess of the requested amount of any request.

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

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

Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

14.5 Classification of Non-Firm Point-To-Point Transmission Service: Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

14.6 Scheduling of Non-Firm Point-To-Point Transmission Service: Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] of the Working 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 is to be delivered must be stated in increments of 1,000 kW per hour [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour,

may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Intra-hour scheduling changes will also be permitted if authorized by the Transmission Provider in a business practice and such intra-hour scheduling changes are made in accordance with the scheduling timeline contained in such business practice, provided that all parties to the interchange transaction agree to the modification. 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. For Non-Firm Point-To-Point Transmission Service on the PacifiCorp COI Segment, the scheduling terms and conditions set forth in Attachment S apply.

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 or the systems directly and indirectly interconnected with Transmission Provider's Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point

Transmission Service of equal duration with a higher price, (4) transmission service for Network Customers from non-designated resources, or (5) transmission service for Firm Point-to-Point Transmission Service during conditional curtailment periods as described in Section 15.4. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

II. POINT-TO-POINT TRANSMISSION SERVICE

15 Service Availability

- 15.1 General Conditions:** The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16.
- 15.2 Determination of Available Transfer Capability:** A description of the Transmission Provider's specific methodology for assessing available transfer capability posted on the Transmission Provider's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transfer capability may not exist to accommodate a service request, the Transmission Provider will respond by performing a System Impact Study.
- 15.3 Initiating Service in the Absence of an Executed Service Agreement:** If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Provider shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the Transmission Provider to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested Transmission Service. The Transmission Provider shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the Transmission Provider at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3.
- 15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment:** If the Transmission Provider determines that it cannot

accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate the Transmission Provider for such costs pursuant to the terms of Section 27. The Transmission Provider will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Provider has the right to expand or modify.

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

(ii) the Transmission Provider determines through a biennial reassessment that it can no longer reliably provide such service, or (iii) the Transmission Customer terminates the service because the reassessment increased the number of hours per year of conditional curtailment or changed the System Conditions.

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

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

15.7 Real Power Losses: Real Power Losses are associated with all Transmission Service and may be associated with use of distribution facilities. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing or purchasing Real Power Losses as calculated by the Transmission Provider. The applicable Real Power Loss factors are provided in Schedule 10. For Point-To-Point Transmission Service on the PacifiCorp COI Segment, losses are to be calculated in accordance with Attachment S.

II. POINT-TO-POINT TRANSMISSION SERVICE

16 Transmission Customer Responsibilities

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

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;
- d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation;
- e. The Transmission Customer provides the information required by the Transmission Provider's planning process established in Attachment K; and
- f. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

16.2 Transmission Customer Responsibility for Third-Party Arrangements: Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying

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

II. POINT-TO-POINT TRANSMISSION SERVICE

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

17.1 Application: A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain both an electronic and written Application to PacifiCorp at the address shown in Attachment A, 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 provided in Section 17.8 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 and in writing as indicated.

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

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good

Utility Practice or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;

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

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

17.3 Deposit: A Completed Application for Long-term Firm Point-To-Point Transmission Service also shall include a deposit of one month's charge for Reserved Capacity. Requests for Short-term Firm Point-to-Point Transmission Service do not require a deposit. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a

Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the Transmission Provider in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the Transmission Provider if the Transmission Provider is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the Transmission Provider to the extent such costs have not already been recovered by the Transmission Provider from the Eligible Customer. The Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon commencement of service through a credit against the initial transmission charges until such deposit and interest has been returned to the Transmission Customer. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the Transmission Provider's account until the day the deposit is returned to the Transmission Customer or the invoice date that the deposit is credited to the Transmission Customer.

17.4 Notice of Deficient Application: If an Application fails to meet the requirements of the Tariff (including any required deposit), the Transmission Provider shall notify the entity requesting service within fifteen (15) days of the later of (1) the Transmission Customer's OASIS Posting or (2) the Transmission Customer's written application of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the

Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

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

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

17.7 Extensions for Commencement of Service:

- (i) Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof within 15 days of notifying the Transmission Provider it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point Transmission rate for its Reserved Capacity concurrent with a 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.

17.8 Expedited Treatment for Requests for and Reservation of Short-Term Firm Point-To-Point Transmission Service:

Eligible Entities desiring to purchase Short-term Firm Point-to-Point Transmission Service under these expedited procedures must submit a Completed Application to the Transmission Provider for a Service Agreement for Firm Point-To-Point Transmission Service as provided in Attachment A. Such Completed Application must be submitted over the OASIS or in writing to the Transmission Provider at the address shown in Attachment A. Only the information required by Section 17.2(i) and (ii) is necessary for such an application. Transmission Customers under a Service Agreement may request over the OASIS transmission reservations in amounts not exceeding the amounts listed as firm Available Transmission Capability on the Transmission Provider's OASIS by providing all OASIS requested information. OASIS registration is

required. No other application procedures are necessary.

Any request for Short-term Firm Point-To-Point Transmission Service that exceeds the OASIS posted amounts must be submitted in accordance with Sections 17.1 and 17.2 of the Tariff. Requests for monthly service over the OASIS shall be submitted no earlier than eleven (11) months before service is to commence; requests for weekly service shall be submitted no earlier than fifty-one (51) weeks before service is to commence, requests for daily service shall be submitted no earlier three-hundred and sixty-four (364) days before service is to commence. Requests for service (other than Hourly Firm Point-To-Point Transmission Service) received later than 10:00 a.m. prior to the Working Day service is scheduled to commence will be accommodated if practicable [or such reasonable times that are generally accepted in the region and are consistently adhered to by the Transmission Provider]. Requests for hourly service shall be submitted no earlier than five (5) days before service is to commence.

II. POINT-TO-POINT TRANSMISSION SERVICE

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

18.1 Application: Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider for an Umbrella Service Agreement for Non-Firm Point-To-Point Transmission Service as provided in Attachment B. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS or by submitting a written application to the Transmission Provider at the address shown in Attachment B. Transmission Customers under an Umbrella Service Agreement may request over the OASIS transmission reservations in amounts not exceeding the amounts listed as non-firm Available Transmission Capability on the Transmission Provider's OASIS by providing all OASIS requested information. OASIS registration is required. No other application procedures are necessary.

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 Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

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

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

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

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

18.3 Reservation of Non-Firm Point-To-Point Transmission Service: Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than five (5) days before service is to commence, and requests for hourly service shall be submitted no earlier than five (5) days before service is to commence. Requests for service received later than 2:00 p.m. prior to the Working Day service is scheduled to commence will be accommodated if practicable [or such reasonable times

that are generally accepted in the region and are consistently adhered to by the Transmission Provider].

18.4 Determination of Available Transfer Capability:

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

II. POINT-TO-POINT TRANSMISSION SERVICE

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

19.1 Notice of Need for System Impact Study: After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects to have the Transmission Provider study redispatch or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options. The Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

19.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. Upon completion of the study any difference between the actual cost and the estimated study costs previously paid by the Eligible Customer shall be corrected. Excess

amounts paid by the Eligible Customer shall be returned with interest calculated pursuant to Commission regulations 35.19a(a)(2)(iii). If at any time during the study process the cost of performing the study is anticipated to exceed the estimated study costs previously paid by the Eligible Customer, the Transmission Provider shall forward to the Eligible Customer an invoice detailing current expenditures and providing an estimate of the additional required study payment. The Eligible Customer shall pay this amount within fifteen (15) days of being invoiced. 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 20.

19.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible

Customer) including an estimate of the cost of redispatch, (3) conditional curtailment options (when requested by an Eligible Customer) including the number of hours per year and the System Conditions during which conditional curtailment may occur, and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within thirty (30) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

19.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible

Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. The charge shall not exceed the actual cost of the study. Upon completion of the study any difference between the actual cost and the estimated study costs previously paid by the Eligible Customer shall be corrected. Excess amounts paid by the Eligible Customer shall be returned with interest calculated pursuant to Commission regulations 35.19a(a)(2)(iii). If at any time during the study process the cost of performing the study is anticipated to exceed the estimated study costs previously paid by the Eligible Customer, the Transmission Provider shall forward to the Eligible Customer an invoice detailing current expenditures and providing an estimate of the additional required study payment. The Eligible Customer shall pay this amount within fifteen (15) days of being invoiced. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it along with its payment of the estimated cost to complete the study to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined

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

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

19.6 Due Diligence in Completing New Facilities: The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. The Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

19.7 Partial Interim Service: If the Transmission Provider determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any

facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

19.8 Expedited Procedures for New Facilities: In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the Transmission Provider to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate the Transmission Provider for all costs incurred pursuant to the terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While the Transmission Provider agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Provider for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

19.9 Penalties for Failure to Meet Study Deadlines: Sections 19.3 and 19.4 require a Transmission Provider to use due diligence to meet 60-day study completion deadlines for System Impact Studies and Facilities Studies.

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

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

- (ii) For the purposes of calculating the percent of non-Affiliates' System Impact Studies and Facilities Studies processed outside of the 60-day study completion deadlines, the Transmission Provider shall consider all System Impact Studies and Facilities Studies that it completes for non-Affiliates during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are completed on time by the total number of completed studies. The Transmission Provider may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the 60-day study completion deadlines.
- (iii) The Transmission Provider is subject to an operational penalty if it completes ten (10) percent or more of non-Affiliates' System Impact Studies and Facilities Studies outside of the 60-day study completion deadlines for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered the Transmission Provider's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until the Transmission Provider completes at least ninety (90) percent of all non-Affiliates' System Impact Studies and Facilities Studies within the 60-day deadline.
- (iv) For penalties assessed in accordance with subsection (iii) above, the penalty amount for each System Impact Study or Facilities Study

shall be equal to \$500 for each day the Transmission Provider takes to complete that study beyond the 60-day deadline.

19.10 Clustering of Point-to-Point Studies: The Eligible Customer may request that the Transmission Provider cluster the System Impact Studies and/or Facilities Studies. The Eligible Customer shall notify the Transmission Provider prior to signing a study agreement if the Eligible Customer requests its System Impact Study or Facilities Study to be clustered with another Eligible Customer's System Impact Study or Facilities Study. In this notification, the Eligible Customer shall identify the other Eligible Customer(s) (and associated requests(s) for Transmission Service) with which it would like to be clustered, and shall indicate whether the other Eligible Customer(s) with which it requests clustering support(s) the clustering request. The Transmission Provider may, in its discretion, notify Eligible Customers who have submitted Transmission Service requests about potential clustering opportunities. The Transmission Provider will accommodate any reasonable clustering request; however, the Transmission Provider will not consider a clustering request to be reasonable if:

- (i) The cluster is not supported by all Eligible Customers proposed to be in the cluster;
- (ii) The Transmission Provider determines that the requests should be studied individually rather than in a cluster (e.g., studies are geographically diverse or otherwise impact the transmission system in diverse ways such that clustering is not reasonable); or
- (iii) In the Transmission Provider's discretion, the Transmission Provider determines that granting the clustering request is likely to cause the Transmission Provider to miss any deadline set forth in this Tariff.

All Eligible Customers involved in a cluster study will be required to execute the System Impact Study Agreement and/or Facilities Study Agreement which provides that the System Impact Study or Facilities

Study will be performed as a cluster study. The study will be performed in accordance with the procedures set forth in section 19.3 and 19.4 with the exception that the timeline for performing the System Impact Study or Facilities Study will begin to run after all Eligible Customers who have notified the Transmission Provider of their intent to participate in a cluster study have executed a System Impact Study Agreement or Facilities Study Agreement.

Once Eligible Customers agree to have the Transmission Provider cluster their System Impact Studies or Facility Studies, the Eligible Customers may request to opt out of the cluster. The Transmission Provider will not grant any request to opt out of a cluster if, in the Transmission Provider's discretion, the Transmission Provider determines that granting the request to opt out of the cluster is likely to cause the Transmission Provider to miss any deadline set forth in this Tariff. If a request by an Eligible Customer to opt out of a cluster study is granted by the Transmission Provider, the Transmission Provider will evaluate the impact of the Eligible Customer's withdrawal and may revise, at the Transmission Provider's discretion, the cluster study process and results accordingly. The Transmission Provider, at its discretion, may determine that additional time may be required to complete the study as a result of any Eligible Customer opting out. The Transmission Provider shall communicate any delays in writing to the other participants in the cluster and provide a good faith estimate on a revised completion date. Eligible Customers that have agreed to cluster their System Impact Study shall be responsible for reimbursing the Transmission Provider for performing the clustered System Impact Study in equal shares, unless the Eligible Customers in the cluster independently agree to an alternate cost-sharing structure, in which case the Eligible Customers shall provide the Transmission Provider with a copy of that alternate agreement, as executed. A participating Eligible Customer that opts out of the clustered System Impact Study process shall remain liable for its equal share of the Transmission Provider's costs in performing the cluster study. Each Facilities Study that is clustered together under this section shall be

treated as a single Facilities Study and shall be performed pursuant to a single Facilities Study Agreement entered into among the Transmission Provider and each of the Eligible Customer(s) that have submitted a service request that has been clustered together. Unless otherwise agreed in such agreement, the cost for the completion of the Facilities Study shall be allocated among such Eligible Customer(s) in proportion to the amounts of their respective requests for service (Long-Term Firm Point-to-Point Transmission Service or Network Integration Transmission Service).

II. POINT-TO-POINT TRANSMISSION SERVICE

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

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

20.2 Alternatives to the Original Facility Additions: When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request the Transmission Provider to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

20.3 Refund Obligation for Unfinished Facility Additions:

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

II. POINT-TO-POINT TRANSMISSION SERVICE

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

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

21.2 Coordination of Third-Party System Additions: In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

II. POINT-TO-POINT TRANSMISSION SERVICE

22 Changes in Service Specifications

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

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the Transmission Provider on behalf of its Native Load Customers.
- (b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

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

II. POINT-TO-POINT TRANSMISSION SERVICE

23 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service:

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

- (b) The Assignee must execute a service agreement with the Transmission Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. The Transmission Provider shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Transmission Provider or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Transmission Provider or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

23.2 Limitations on Assignment or Transfer of Service: If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service

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

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

II. POINT-TO-POINT TRANSMISSION SERVICE

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

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

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

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

II. POINT-TO-POINT TRANSMISSION SERVICE

25 Compensation for Point-to-Point Transmission Service

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

II. POINT-TO-POINT TRANSMISSION SERVICE

26 Stranded Cost Recovery

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

II. POINT-TO-POINT TRANSMISSION SERVICE

27 Compensation for New Facilities and Redispatch Costs

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

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

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

III. NETWORK INTEGRATION TRANSMISSION SERVICE

28 Nature of Network Integration Transmission Service

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

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

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

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

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

28.5 Real Power Losses: Real Power Losses are associated with all Network Integration Transmission Service and may be associated with use of distribution facilities. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing or purchasing Real Power Losses associated with all Network Integration Transmission Service as calculated by the Transmission Provider. The applicable Real Power Loss factors are provided in Schedule 10.

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

III. NETWORK INTEGRATION TRANSMISSION SERVICE

29 Initiating Service

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

29.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. The Transmission Provider may, on a non-discriminatory basis, waive the deposit requirement for an existing Network Customer submitting an Application requesting a modification of service under Part III of the Tariff, where the Network Customer has maintained its creditworthiness pursuant to Section 11 and Attachment L of this Tariff, and is not in default in its obligations under this Tariff as defined in Section 7.3 of this Tariff at the time of the Application. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the

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

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

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in

the 10 year load forecast provided in response to (iii) above;

- (v) A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:
- Unit size and amount of capacity from that unit to be designated as Network Resource
 - VAR capability (both leading and lagging) of all generators
 - Operating restrictions
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
 - Approximate variable generating cost (\$/MWH) for redispatch computations
 - Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource

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

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
- Identification of the control area from which the power will originate
- Delivery point(s) to the Transmission Provider's Transmission System
- Transmission arrangements on the external transmission system(s)
- Operating restrictions, if any
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit

- Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
 - Approximate variable generating cost (\$/MWH) for redispatch computations;
- (vi) Description of Eligible Customer's transmission system:
- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
 - Operating restrictions needed for reliability
 - Operating guides employed by system operators
 - Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
 - Location of Network Resources described in subsection (vi) 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. (must be submitted over the OASIS and in writing). Unless mutually agreed to, the minimum term for Network Integration Transmission Service is one year.
- (vii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the

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

- (ix) Any additional information required of the Transmission Customer as specified in the Transmission Provider's planning process established in Attachment K.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgement must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application along with any deposit and interest 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. If a Service Agreement for Network Integration Transmission Service is executed, the deposit, with interest, will be returned to the Network Customer upon commencement of service through a credit against the initial transmission charges until such deposit and interest has been returned to the Network Customer. 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.
- 29.5 Filing of Service Agreement:** The Transmission Provider will file Service Agreements with the Commission in compliance with applicable Commission regulations.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

30 Network Resources

30.1 Designation of Network Resources: Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. For purposes of temporary termination under Section 30.3, all or part of such generation associated with a NERC-registered Point of Receipt, behind which there are no transmission constraints, may be treated as a single network resource. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program, provided, however, that a designated Network Resource may be used to supply power to a third party on a firm basis to address a Disturbance Recovery Event without a corresponding undesignation of that Network Resource. The supply of such power from the Network Resource may not last for more than two consecutive hours, without undesignation, and, within 24 hours of the last delivery provided in response to the event, the Network Customer shall provide a notice to Transmission Provider containing the details of such supply. Within one Working Day of receipt of such notice from the Network Customer, Transmission Provider will post the notice on its OASIS. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources: The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made through the Transmission Provider's OASIS by a request for modification of service pursuant to an Application under Section 29.

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

30.3 Termination of Network Resources: The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource by providing notification to the Transmission Provider through OASIS as soon as reasonably practicable but not later than the firm scheduling deadline for the period of termination. Any request for termination of Network Resource status must be submitted on OASIS, and should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the identification and capacity of the resource(s) or portions thereof to be indefinitely terminated. A request for temporary termination of Network Resource status must include the following:

- (i) Effective date and time of temporary termination;
- (ii) Effective date and time of redesignation, following period of temporary termination;
- (iii) Identification and capacity of resource(s) or portions thereof to be temporarily terminated, or, where appropriate, identification of the

NERC-registered Point of Receipt to which Network Resources are assigned and the capacity to be temporarily terminated;

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

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff. Information provided by a Network Customer necessary to redesignate a Network Resource following a period of temporary termination may incorporate by reference unchanged information provided pursuant to Section 29 when that resource was first designated, provided, however, that a Network Customer must provide an attestation required by Section 29.2 in order to properly redesignate the Network Resource.

30.4 Operation of Network Resources: The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus losses, plus power sales under a reserve

sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Provider's Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.

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

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider: The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data

required by such other entity pursuant to Good Utility Practice.

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

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

30.9 Network Customer Owned Transmission Facilities: The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the Transmission Provider to serve its power and transmission customers. For facilities added by the Network Customer subsequent to May 14, 2007, the effective date of a Final Rule in RM05-25-000, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the Transmission Provider's facilities; provided however, the Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Provider, would be eligible for inclusion in the Transmission Provider's ATRR. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

31 Designation of Network Load

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

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

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

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

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

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

III. NETWORK INTEGRATION TRANSMISSION SERVICE

32 Additional Study Procedures for Network Integration Transmission Service Requests

32.1 Notice of Need for System Impact Study: After receiving a request for service, the Transmission Provider shall determine on a 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 reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it (along with the Eligible Customer's payment of the estimated study cost) to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

32.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study and upon completion of the study any difference between the actual and the estimated costs shall be corrected. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any

modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

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

32.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including, to the extent possible, an estimate of the cost of redispatch, (3) available options for installation of automatic devices to curtail service (when requested by an Eligible Customer) and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service.

For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System

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

32.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it (along with the Eligible Customer's payment of the estimated study cost) to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is

unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The charge for performing the Facilities Study shall not exceed the actual cost of the study and upon completion any difference between the actual and the estimated costs shall be corrected. The Eligible Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

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

32.6 Clustering of Network Service Studies: The Eligible Customer may request that the Transmission Provider cluster the System Impact Studies and/or Facilities Studies. The Eligible Customer shall notify the Transmission Provider prior to signing a study agreement if the Eligible Customer requests its System Impact Study or Facilities Study to be clustered with another Eligible Customer's System Impact Study or

Facilities Study. In this notification, the Eligible Customer shall identify the other Eligible Customer(s) (and associated requests(s) for Transmission Service) with which it would like to be clustered, and shall indicate whether the other Eligible Customer(s) with which it requests clustering support(s) the clustering request. The Transmission Provider may, in its discretion, notify Eligible Customers who have submitted Transmission Service requests about potential clustering opportunities. The Transmission Provider will accommodate any reasonable clustering request; however, the Transmission Provider will not consider a clustering request to be reasonable if:

- (i) The cluster is not supported by all Eligible Customers proposed to be in the cluster;
- (ii) The Transmission Provider determines that the requests should be studied individually rather than in a cluster (e.g., studies are geographically diverse or otherwise impact the transmission system in diverse ways such that clustering is not reasonable); or
- (iii) In the Transmission Provider's discretion, the Transmission Provider determines that granting the clustering request is likely to cause the Transmission Provider to miss any deadline set forth in this Tariff.

All Eligible Customers involved in a cluster study will be required to execute the System Impact Study Agreement and/or Facilities Study Agreement which provides that the System Impact Study or Facilities Study will be performed as a cluster study. The study will be performed in accordance with the procedures set forth in section 32.3 and 32.4 with the exception that the timeline for performing the System Impact Study or Facilities Study will begin to run after all Eligible Customers who have notified the Transmission Provider of their intent to participate in a cluster study have executed a System Impact Study Agreement or Facilities Study Agreement.

Once Eligible Customers agree to have the Transmission Provider cluster their System Impact Studies or

Facility Studies, the Eligible Customers may request to opt out of the cluster. The Transmission Provider will not grant any request to opt out of a cluster if, in the Transmission Provider's discretion, the Transmission Provider determines that granting the request to opt out of the cluster is likely to cause the Transmission Provider to miss any deadline set forth in this Tariff. If a request by an Eligible Customer to opt out of a cluster study is granted by the Transmission Provider, the Transmission Provider will evaluate the impact of the Eligible Customer's withdrawal and may revise, at the Transmission Provider's discretion, the cluster study process and results accordingly. The Transmission Provider, at its discretion, may determine that additional time may be required to complete the study as a result of any Eligible Customer opting out. The Transmission Provider shall communicate any delays in writing to the other participants in the cluster and provide a good faith estimate on a revised completion date.

Eligible Customers that have agreed to cluster their System Impact Study shall be responsible for reimbursing the Transmission Provider for performing the clustered System Impact Study in equal shares, unless the Eligible Customers in the cluster independently agree to an alternate cost-sharing structure, in which case the Eligible Customers shall provide the Transmission Provider with a copy of that alternate agreement, as executed. A participating Eligible Customer that opts out of the clustered System Impact Study process shall remain liable for its equal share of the Transmission Provider's costs in performing the cluster study. Each Facilities Study that is clustered together under this section shall be treated as a single Facilities Study and shall be performed pursuant to a single Facilities Study Agreement entered into among the Transmission Provider and each of the Eligible Customer(s) that have submitted a service request that has been clustered together. Unless otherwise agreed in such agreement, the cost for the completion of the Facilities Study shall be allocated among such Eligible Customer(s) in proportion to the amounts of their respective requests for service (Long-Term Firm Point-to-Point

Transmission Service or Network Integration
Transmission Service).

III. NETWORK INTEGRATION TRANSMISSION SERVICE

33 Load Shedding and Curtailments

33.1 Procedures: Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System and on systems directly and indirectly interconnected with Transmission Provider's 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 the ratio of each Network Customer's 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.

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 the Network Customer's 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. The Transmission Provider shall not direct the Network Customer to Curtail schedules to an extent greater than the Transmission Provider would Curtail the Transmission Provider's schedules under similar circumstances.

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

33.7 System Reliability: Notwithstanding any other provisions of this Tariff, the Transmission Provider

reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

34 Rates and Charges

The Network Customer shall pay the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, state specific Retail Access charges as described in Attachment M and applicable study costs, consistent with Commission policy, along with the following:

34.1 Monthly Demand Charge: Charges for Network Integration Transmission Service shall be calculated annually using the ATRR. The Network Customer shall pay a Monthly Demand Charge, which shall be determined by multiplying its Monthly Network Load by the Transmission Provider's monthly transmission rate as established in Attachment H.

34.2 Determination of Network Customer's Monthly Network Load: The Network Customer's Monthly Network Load is its hourly load (including losses and 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 (including losses).

34.3 Redispatch Charge: The Network Customer shall pay its portion 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.

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

III. NETWORK INTEGRATION TRANSMISSION SERVICE

35 Operating Arrangements

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

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

which satisfies the applicable reliability guidelines of the ERO. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Agreement is included in Attachment G.

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

IV. LARGE GENERATION INTERCONNECTION SERVICE

**Standard Large Generator Interconnection Procedures (LGIP)
Applicable to Generating Facilities that exceed 20 Megawatts**

TABLE OF CONTENTS

Section 36	Definitions
Section 37	Scope and Application
37.1	Application of Standard Large Generator Interconnection Procedures
37.2	Comparability
37.3	Base Case Data
37.4	No Applicability to Transmission Service
Section 38	Interconnection Requests
38.1	General
38.2	Identification of Types of Interconnection Services
38.2.1	Energy Resource Interconnection Service
38.2.1.1	The Product
38.2.1.2	The Study
38.2.2	Network Resource Interconnection Service
38.2.2.1	The Product
38.2.2.2	The Study
38.3	Valid Interconnection Request
38.3.1	Initiating an Interconnection Request
38.3.2	Acknowledgment of Interconnection Request
38.3.3	Deficiencies in Interconnection Request
38.3.4	Scoping Meeting
38.5	Coordination with Affected Systems
38.6	Withdrawal
Section 39	Queue Position
39.1	General
39.2	Clustering
39.3	Transferability of Queue Position
39.4	Modifications
Section 40	Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Generator Interconnection Procedures
40.1	Queue Position for Pending Requests
40.2	New Transmission Provider
Section 41	Interconnection Feasibility Study
41.1	Interconnection Feasibility Study Agreement
41.2	Scope of Interconnection Feasibility Study

41.3	Interconnection Feasibility Study Procedures
41.4	Re-Study
Section 42	Interconnection System Impact Study
42.1	Interconnection System Impact Study Agreement
42.2	Execution of Interconnection System Impact Study Agreement
42.3	Scope of Interconnection System Impact Study
42.4	Interconnection System Impact Study Procedures
42.5	Meeting with Transmission Provider
42.6	Re-Study
Section 43	Interconnection Facilities Study
43.1	Interconnection Facilities Study Agreement
43.2	Scope of Interconnection Facilities Study
43.3	Interconnection Facilities Study Procedures
43.4	Meeting with Transmission Provider
43.5	Re-Study
Section 44	Engineering & Procurement ("E&P") Agreement
Section 45	Optional Interconnection Study
45.1	Optional Interconnection Study Agreement
45.2	Scope of Optional Interconnection Study
45.3	Optional Interconnection Study Procedures
Section 46	Standard Large Generator Interconnection Agreement
46.1	Tender
46.2	Negotiation
46.3	Execution and Filing
46.4	Commencement of Interconnection Activities
Section 47	Construction of Transmission Provider's Interconnection Facilities and Network Upgrades
47.1	Schedule
47.2	Construction Sequencing
47.2.1	General
47.2.2	Advance Construction of Network Upgrades that are an Obligation of an Entity other than Interconnection Customer
47.2.3	Advancing Construction of Network Upgrades that are Part of an Expansion Plan of the Transmission Provider
47.2.4	Amended Interconnection System Impact Study
Section 48	Miscellaneous
48.1	Confidentiality
48.1.1	Scope
48.1.2	Release of Confidential Information
48.1.3	Rights
48.1.4	No Warranties
48.1.5	Standard of Care

	48.1.6	Order of Disclosure
	48.1.7	Remedies
	48.1.8	Disclosure to FERC or its Staff
48.2		Delegation of Responsibility
48.3		Obligation for Study Costs
48.4		Third Parties Conducting Studies
48.5		Disputes
	48.5.1	Submission
	48.5.2	External Arbitration Procedures
	48.5.3	Arbitration Decisions
	48.5.4	Costs
48.6		Local Furnishing Bonds
	48.6.1	Transmission Providers That Own Facilities Financed by Local Furnishing Bonds
	48.6.2	Alternative Procedures for Requesting Interconnection Service
Appendix 1 - Interconnection Request for a Large Generating Facility		
Appendix 2 - Interconnection Feasibility Study Agreement		
Appendix 3 - Interconnection System Impact Study Agreement		
Appendix 4 - Interconnection Facilities Study Agreement		
Appendix 5 - Optional Interconnection Study Agreement		
Appendix 6 - Standard Large Generator Interconnection Agreement		

IV. LARGE GENERATION INTERCONNECTION SERVICE

36 Definitions

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

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

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

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

Applicable Reliability Council shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider or Interconnection Customer.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

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

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by an Applicable Reliability Council.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

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

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

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Energy Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.

Engineering & Procurement (E&P) Agreement shall mean an agreement that authorizes the Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

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

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission (Commission) or its successor.

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

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the

electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

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

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

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission Provider's Interconnection Facilities to obtain back feed power.

Interconnection Customer shall mean any entity, including the Transmission Provider, Transmission Owner or any of the

Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Provider's Transmission System.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

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

Interconnection Facilities Study shall mean a study conducted by the Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Transmission Provider's Transmission System. The scope of the study is defined in Section 43 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Transmission Provider's Transmission

System, the scope of which is described in Section 41 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Interconnection Service shall mean the service provided by the Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Transmission Provider's Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Joint Operating Committee shall be a group made up of representatives from Interconnection Customers and the Transmission Provider to coordinate operating and technical considerations of Interconnection Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Council or its successor organization.

Network Resource shall mean any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot

be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

Network Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as Network Resources. Network Resource Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider's Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party or Parties shall mean Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Transmission Provider's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection

Agreement, where the Interconnection Facilities connect to the Transmission Provider's Transmission System.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

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

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating:
(1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility;
(2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA) shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the Transmission Provider's Tariff.

Standard Large Generator Interconnection Procedures (LGIP) shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in the Transmission Provider's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.

Tariff shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

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

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

Transmission Provider's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such

facilities and equipment. Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

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

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

IV. LARGE GENERATION INTERCONNECTION SERVICE

37 Scope and Application

37.1 Application of Standard Large Generator

Interconnection Procedures: Sections 37 through 48 apply to processing an Interconnection Request pertaining to a Large Generating Facility.

37.2 Comparability: Transmission Provider shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. Transmission Provider will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by Transmission Provider, its subsidiaries or Affiliates or others.

37.3 Base Case Data: Transmission Provider shall provide base power flow, short circuit and stability databases, including all underlying assumptions, and contingency list upon request subject to confidentiality provisions in LGIP Section 48.1. Transmission Provider is permitted to require that Interconnection Customer sign a confidentiality agreement before the release of commercially sensitive information or Critical Energy Infrastructure Information in the Base Case data. Such databases and lists, hereinafter referred to as Base Cases, shall include all (i) generation projects and (ii) transmission projects, including merchant transmission projects that are proposed for the Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority.

37.4 No Applicability to Transmission Service: Nothing in this LGIP shall constitute a request for transmission service or confer upon an Interconnection Customer any right to receive transmission service.

IV. LARGE GENERATION INTERCONNECTION SERVICE

38 Interconnection Requests

38.1 General: An Interconnection Customer shall submit to Transmission Provider an Interconnection Request in the form of Appendix 1 to this LGIP and a refundable deposit of \$10,000. Transmission Provider shall apply the deposit toward the cost of an Interconnection Feasibility Study. Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. Interconnection Customer must submit a deposit with each Interconnection Request even when more than one request is submitted for a single site. An Interconnection Request to evaluate one site at two different voltage levels shall be treated as two Interconnection Requests.

At Interconnection Customer's option, Transmission Provider and Interconnection Customer will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. Interconnection Customer will select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection Feasibility Study Agreement.

38.2 Identification of Types of Interconnection Services: At the time the Interconnection Request is submitted, Interconnection Customer must request either Energy Resource Interconnection Service or Network Resource Interconnection Service, as described; provided, however, any Interconnection Customer requesting Network Resource Interconnection Service may also request that it be concurrently studied for Energy Resource Interconnection Service, up to the point when an Interconnection Facility Study Agreement is executed. Interconnection Customer may then elect to proceed with Network Resource Interconnection Service or to proceed under a lower level of interconnection service to the extent that only certain upgrades will be completed.

38.2.1 Energy Resource Interconnection Service.

38.2.1.1 The Product. Energy Resource Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Transmission System and be eligible to deliver the Large Generating Facility's output using the existing firm or non-firm capacity of the Transmission System on an "as available" basis. Energy Resource Interconnection Service does not in and of itself convey any right to deliver electricity to any specific customer or Point of Delivery.

38.2.1.2 The Study. The study consists of short circuit/fault duty, steady state (thermal and voltage) and stability analyses. The short circuit/fault duty analysis would identify direct Interconnection Facilities required and the Network Upgrades necessary to address short circuit issues associated with the Interconnection Facilities. The stability and steady state studies would identify necessary upgrades to allow full output of the proposed Large Generating Facility and would also identify the maximum allowed output, at the time the study is performed, of the interconnecting Large Generating Facility without requiring additional Network Upgrades.

38.2.2 Network Resource Interconnection Service.

38.2.2.1 The Product. Transmission Provider must conduct the necessary studies and construct the Network Upgrades needed to integrate the Large Generating Facility (1) in a manner comparable to that in which

Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an ISO or RTO with market based congestion management, in the same manner as Network Resources. Network Resource Interconnection Service Allows Interconnection Customer's Large Generating Facility to be designated as a Network Resource, up to the Large Generating Facility's full output, on the same basis as existing Network Resources interconnected to Transmission Provider's Transmission System, and to be studied as a Network Resource on the assumption that such a designation will occur.

38.2.2.2 The Study. The Interconnection Study for Network Resource Interconnection Service shall assure that Interconnection Customer's Large Generating Facility meets the requirements for Network Resource Interconnection Service and as a general matter, that such Large Generating Facility's interconnection is also studied with Transmission Provider's Transmission System at peak load, under a variety of severely stressed conditions, to determine whether, with the Large Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate of load on Transmission Provider's Transmission System, consistent with Transmission Provider's reliability criteria and procedures. This approach assumes that some portion of existing Network Resources are displaced by the output of Interconnection Customer's Large Generating Facility. Network Resource Interconnection Service in and of itself does not convey any right to

deliver electricity to any specific customer or Point of Delivery. The Transmission Provider may also study the Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the Transmission Provider must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

38.3 Valid Interconnection Request:

38.3.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, Interconnection Customer must submit all of the following: (i) a \$10,000 deposit, (ii) a completed application in the form of Appendix 1, and (iii) demonstration of Site Control or a posting of an additional deposit of \$10,000. Such deposits shall be applied toward any Interconnection Studies pursuant to the Interconnection Request. If Interconnection Customer demonstrates Site Control within the cure period specified in Section 38.3.3 after submitting its Interconnection Request, the additional deposit shall be refundable; otherwise, all such deposit(s), additional and initial, become non-refundable.

The expected In-Service Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility shall be no more than the process window for the regional expansion planning period (or in the absence of a regional planning process, the process window for Transmission Provider's expansion planning period) not to exceed seven years from the date the Interconnection Request is received by Transmission Provider, unless Interconnection Customer demonstrates that engineering, permitting and construction of the new Large Generating Facility or increase in capacity of the existing Generating Facility will take

longer than the regional expansion planning period. The In-Service Date may succeed the date the Interconnection Request is received by Transmission Provider by a period up to ten years, or longer where Interconnection Customer and Transmission Provider agree, such agreement not to be unreasonably withheld.

38.3.2 Acknowledgment of Interconnection Request.

Transmission Provider shall acknowledge receipt of the Interconnection Request within five (5) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgement.

38.3.3 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until all items in Section 38.3.1 have been received by Transmission Provider. If an Interconnection Request fails to meet the requirements set forth in Section 38.3.1, Transmission Provider shall notify Interconnection Customer within five (5) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. Interconnection Customer shall provide Transmission Provider the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such notice. Failure by Interconnection Customer to comply with this Section 38.3.3 shall be treated in accordance with Section 38.6.

38.3.4 Scoping Meeting.

Within ten (10) Business Days after receipt of a valid Interconnection Request, Transmission Provider shall establish a date agreeable to Interconnection Customer for the Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from receipt of the

valid Interconnection Request, unless otherwise mutually agreed upon by the Parties.

The purpose of the Scoping Meeting shall be to discuss alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to analyze such information and to determine the potential feasible Points of Interconnection.

Transmission Provider and Interconnection Customer will bring to the meeting such technical data, including, but not limited to: (i) general facility loadings, (ii) general instability issues, (iii) general short circuit issues, (iv) general voltage issues, and (v) general reliability issues as may be reasonably required to accomplish the purpose of the meeting. Transmission Provider and Interconnection Customer will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, Interconnection Customer shall designate its Point of Interconnection, pursuant to Section 41.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

38.4 OASIS Posting: Transmission Provider will maintain on its OASIS a list of all Interconnection Requests. The list will identify, for each Interconnection Request: (i) the maximum summer and winter megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected In-Service Date; (v) the status of the Interconnection Request, including Queue Position; (vi) the type of Interconnection Service being requested; and (vii) the availability of any studies related to the Interconnection Request; (viii) the date of the Interconnection Request; (ix) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (x) for

Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed. Except in the case of an Affiliate, the list will not disclose the identity of Interconnection Customer until Interconnection Customer executes an LGIA or requests that Transmission Provider file an unexecuted LGIA with FERC. Before holding a Scoping Meeting with its Affiliate, Transmission Provider shall post on OASIS an advance notice of its intent to do so. Transmission Provider shall post to its OASIS site any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to Transmission Provider's OASIS site subsequent to the meeting between Interconnection Customer and Transmission Provider to discuss the applicable study results. Transmission Provider shall also post any known deviations in the Large Generating Facility's In-Service Date.

38.5 Coordination with Affected Systems: Transmission Provider will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators and, if possible, include those results (if available) in its applicable Interconnection Study within the time frame specified in this LGIP. Transmission Provider will include such Affected System Operators in all meetings held with Interconnection Customer as required by this LGIP. Interconnection Customer will cooperate with Transmission Provider in all matters related to the conduct of studies and the determination of modifications to Affected Systems. A Transmission Provider which may be an Affected System shall cooperate with Transmission Provider with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

38.6 Withdrawal: Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to Transmission Provider. In addition, if Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided

in Section 48.5 (Disputes), Transmission Provider shall deem the Interconnection Request to be withdrawn and shall provide written notice to Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, Interconnection Customer shall have fifteen (15) Business Days in which to either respond with information or actions that cures the deficiency or to notify Transmission Provider of its intent to pursue Dispute Resolution.

Withdrawal shall result in the loss of Interconnection Customer's Queue Position. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, Interconnection Customer's Interconnection Request is eliminated from the queue until such time that the outcome of Dispute Resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to Transmission Provider all costs that Transmission Provider prudently incurs with respect to that Interconnection Request prior to Transmission Provider's receipt of notice described above. Interconnection Customer must pay all monies due to Transmission Provider before it is allowed to obtain any Interconnection Study data or results.

Transmission Provider shall (i) update the OASIS Queue Position posting and (ii) refund to Interconnection Customer any portion of Interconnection Customer's deposit or study payments that exceeds the costs that Transmission Provider has incurred, including interest calculated in accordance with section 35.19a(a)(2) of FERC's regulations. In the event of such withdrawal, Transmission Provider, subject to the confidentiality provisions of Section 48.1, shall provide, at Interconnection Customer's request, all information that Transmission Provider developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

IV. LARGE GENERATION INTERCONNECTION SERVICE

39 Queue Position

39.1 General: Transmission Provider shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and Interconnection Customer provides such information in accordance with Section 38.3.3, then Transmission Provider shall assign Interconnection Customer a Queue Position based on the date the application form was originally filed. Moving a Point of Interconnection shall result in a lowering of Queue Position if it is deemed a Material Modification under Section 39.4.3.

The Queue Position of each Interconnection Request will be used to determine the order of performing the Interconnection Studies and determination of cost responsibility for the facilities necessary to accommodate the Interconnection Request. A higher queued Interconnection Request is one that has been placed "earlier" in the queue in relation to another Interconnection Request that is lower queued.

Transmission Provider may allocate the cost of the common upgrades for clustered Interconnection Requests without regard to Queue Position.

39.2 Clustering: At Transmission Provider's option, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

Clustering shall be implemented on the basis of Queue Position. If Transmission Provider elects to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the "Queue Cluster Window" shall be studied together without regard to the nature of the underlying Interconnection Service, whether Energy Resource Interconnection Service or Network Resource Interconnection Service. The deadline for

completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with Section 42.4, for all Interconnection Requests assigned to the same Queue Cluster Window. Transmission Provider may study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility. Clustering Interconnection System Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional transmission expansion plan in light of the Transmission System's capabilities at the time of each study.

The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on Transmission Provider's OASIS beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

39.3 Transferability of Queue Position: An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change.

39.4 Modifications: Interconnection Customer shall submit to Transmission Provider, in writing, modifications to any information provided in the Interconnection Request. Interconnection Customer shall retain its Queue Position if the modifications are in accordance with Sections 39.4.1, 39.4.2 or 39.4.5, or are determined not to be Material Modifications pursuant to Section 39.4.3.

Notwithstanding the above, during the course of the Interconnection Studies, either Interconnection Customer or Transmission Provider may identify changes to the planned interconnection that may improve the

costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to Transmission Provider and Interconnection Customer, such acceptance not to be unreasonably withheld, Transmission Provider shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with Section 41.4, Section 42.6 and Section 43.5 as applicable and Interconnection Customer shall retain its Queue Position.

- 39.4.1** Prior to the return of the executed Interconnection System Impact Study Agreement to Transmission Provider, modifications permitted under this Section shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration. For plant increases, the incremental increase in plant output will go to the end of the queue for the purposes of cost allocation and study analysis.
- 39.4.2** Prior to the return of the executed Interconnection Facility Study Agreement to Transmission Provider, the modifications permitted under this Section shall include specifically: (a) additional 15 percent decrease of electrical output (MW), and (b) Large Generating Facility technical parameters associated with modifications to Large Generating Facility technology and transformer impedances; provided, however, the incremental costs associated with those modifications are the responsibility of the requesting Interconnection Customer.
- 39.4.3** Prior to making any modification other than those specifically permitted by Sections

39.4.1, 39.4.2, and 39.4.5, Interconnection Customer may first request that Transmission Provider evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, Transmission Provider shall evaluate the proposed modifications prior to making them and inform Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except those deemed acceptable under Sections 39.4.1, 41.1, 42.2 or so allowed elsewhere, shall constitute a Material Modification. Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.

- 39.4.4** Upon receipt of Interconnection Customer's request for modification permitted under this Section 39.4, Transmission Provider shall commence and perform any necessary additional studies as soon as practicable, but in no event shall Transmission Provider commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. Any additional studies resulting from such modification shall be done at Interconnection Customer's cost.
- 39.4.5** Extensions of less than three (3) cumulative years in the Commercial Operation Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing.

IV. LARGE GENERATION INTERCONNECTION SERVICE

40 Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Generator Interconnection Procedures

40.1 Queue Position for Pending Requests:

40.1.1 Any Interconnection Customer assigned a Queue Position prior to the effective date of this LGIP shall retain that Queue Position.

40.1.1.1 If an Interconnection Study Agreement has not been executed as of the effective date of this LGIP, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with this LGIP.

40.1.1.2 If an Interconnection Study Agreement has been executed prior to the effective date of this LGIP, such Interconnection Study shall be completed in accordance with the terms of such agreement. With respect to any remaining studies for which an Interconnection Customer has not signed an Interconnection Study Agreement prior to the effective date of the LGIP, Transmission Provider must offer Interconnection Customer the option of either continuing under Transmission Provider's existing interconnection study process or going forward with the completion of the necessary Interconnection Studies (for which it does not have a signed Interconnection Studies Agreement) in accordance with this LGIP.

40.1.1.3 If an LGIA has been submitted to FERC for approval before the effective date of the LGIP, then the LGIA would be grandfathered.

40.1.2 Transition Period.

To the extent necessary, Transmission Provider and Interconnection Customers with an outstanding request (i.e., an Interconnection Request for which an LGIA has not been submitted to FERC for approval as of the effective date of this LGIP) shall transition to this LGIP within a reasonable period of time not to exceed sixty (60) Calendar Days. The use of the term "outstanding request" herein shall mean any Interconnection Request, on the effective date of this LGIP: (i) that has been submitted but not yet accepted by Transmission Provider; (ii) where the related interconnection agreement has not yet been submitted to FERC for approval in executed or unexecuted form, (iii) where the relevant Interconnection Study Agreements have not yet been executed, or (iv) where any of the relevant Interconnection Studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this LGIP may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension shall be granted by Transmission Provider to the extent consistent with the intent and process provided for under this LGIP.

40.2 New Transmission Provider.

If Transmission Provider transfers control of its Transmission System to a successor Transmission Provider during the period when an Interconnection Request is pending, the original Transmission Provider shall transfer to the successor Transmission Provider any amount of the deposit or payment with interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. Any difference between such net amount and the deposit or payment required by this LGIP shall be paid by or refunded to the Interconnection Customer, as appropriate. The original Transmission Provider shall

coordinate with the successor Transmission Provider to complete any Interconnection Study, as appropriate, that the original Transmission Provider has begun but has not completed. If Transmission Provider has tendered a draft LGIA to Interconnection Customer but Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with FERC, unless otherwise provided, Interconnection Customer must complete negotiations with the successor Transmission Provider.

IV. LARGE GENERATION INTERCONNECTION SERVICE

41 Interconnection Feasibility Study

41.1 Interconnection Feasibility Study Agreement:

Simultaneously with the acknowledgement of a valid Interconnection Request Transmission Provider shall provide to Interconnection Customer an Interconnection Feasibility Study Agreement in the form of Appendix 2. The Interconnection Feasibility Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study. Within five (5) Business Days following the Scoping Meeting Interconnection Customer shall specify for inclusion in the attachment to the Interconnection Feasibility Study Agreement the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection. Within five (5) Business Days following Transmission Provider's receipt of such designation, Transmission Provider shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement signed by Transmission Provider, which includes a good faith estimate of the cost for completing the Interconnection Feasibility Study. Interconnection Customer shall execute and deliver to Transmission Provider the Interconnection Feasibility Study Agreement along with a \$10,000 deposit no later than thirty (30) Calendar Days after its receipt.

On or before the return of the executed Interconnection Feasibility Study Agreement to Transmission Provider, Interconnection Customer shall provide the technical data called for in Attachment N, Appendix 1, Attachment A.

If the Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by either Interconnection Customer or Transmission Provider, and acceptable to the other, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and Re-studies shall be completed pursuant to Section 41.4 as applicable. For the purpose of this

Section 41.1, if Transmission Provider and Interconnection Customer cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to Section 38.3.4, shall be the substitute.

If Interconnection Customer and Transmission Provider agree to forgo the Interconnection Feasibility Study, Transmission Provider will initiate an Interconnection System Impact Study under Section 42 of this LGIP and apply the \$10,000 deposit towards the Interconnection System Impact Study.

41.2 Scope of Interconnection Feasibility Study: The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Transmission System.

The Interconnection Feasibility Study will consider the Base Case as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC. The Interconnection Feasibility Study will consist of a power flow and short circuit analysis. The Interconnection Feasibility Study will provide a list of facilities and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

41.3 Interconnection Feasibility Study Procedures: Transmission Provider shall utilize existing studies to the extent practicable when it performs the study. Transmission Provider shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than forty-five (45) Calendar Days after Transmission Provider receives the fully executed

Interconnection Feasibility Study Agreement. At the request of Interconnection Customer or at any time Transmission Provider determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, Transmission Provider shall notify Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If Transmission Provider is unable to complete the Interconnection Feasibility Study within that time period, it shall notify Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, Transmission Provider shall provide Interconnection Customer supporting documentation, workpapers and relevant power flow, short circuit and stability databases for the Interconnection Feasibility Study, subject to confidentiality arrangements consistent with Section 48.1.

41.3.1 Meeting with Transmission Provider.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to Interconnection Customer, Transmission Provider and Interconnection Customer shall meet to discuss the results of the Interconnection Feasibility Study.

41.4 Re-Study: If Re-Study of the Interconnection Feasibility Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to Section 39.4, or re-designation of the Point of Interconnection pursuant to Section 41.1 Transmission Provider shall notify Interconnection Customer in writing. Such Re-Study shall take not longer than forty-five (45) Calendar Days from the date of the notice. Any cost of Re-Study shall be borne by the Interconnection Customer being re-studied.

IV. LARGE GENERATION INTERCONNECTION SERVICE

42 Interconnection System Impact Study

42.1 Interconnection System Impact Study Agreement: Unless otherwise agreed, pursuant to the Scoping Meeting provided in Section 38.3.4, simultaneously with the delivery of the Interconnection Feasibility Study to Interconnection Customer, Transmission Provider shall provide to Interconnection Customer an Interconnection System Impact Study Agreement in the form of Appendix 3 to this LGIP. The Interconnection System Impact Study Agreement shall provide that Interconnection Customer shall compensate Transmission Provider for the actual cost of the Interconnection System Impact Study. Within three (3) Business Days following the Interconnection Feasibility Study results meeting, Transmission Provider shall provide to Interconnection Customer a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study.

42.2 Execution of Interconnection System Impact Study Agreement: Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement to Transmission Provider no later than thirty (30) Calendar Days after its receipt along with demonstration of Site Control, and a \$50,000 deposit.

If Interconnection Customer does not provide all such technical data when it delivers the Interconnection System Impact Study Agreement, Transmission Provider shall notify Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact Study Agreement and Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection System Impact Study Agreement or deposit.

If the Interconnection System Impact Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting and the Interconnection Feasibility

Study, a substitute Point of Interconnection identified by either Interconnection Customer or Transmission Provider, and acceptable to the other, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and restudies shall be completed pursuant to Section 42.6 as applicable. For the purpose of this Section 42.2, if Transmission Provider and Interconnection Customer cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to Section 38.3.4, shall be the substitute.

42.3 Scope of Interconnection System Impact Study: The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability of the Transmission System. The Interconnection System Impact Study will consider the Base Case as well as all generating facilities (and with respect to (iii) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC.

The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, and a power flow analysis. The Interconnection System Impact Study will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study will provide a list of facilities that are

required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

42.4 Interconnection System Impact Study Procedures:

Transmission Provider shall coordinate the Interconnection System Impact Study with any Affected System that is affected by the Interconnection Request pursuant to Section 38.5 above. Transmission Provider shall utilize existing studies to the extent practicable when it performs the study. Transmission Provider shall use Reasonable Efforts to complete the Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement or notification to proceed, study payment, and technical data. If Transmission Provider uses Clustering, Transmission Provider shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within ninety (90) Calendar Days after the close of the Queue Cluster Window.

At the request of Interconnection Customer or at any time Transmission Provider determines that it will not meet the required time frame for completing the Interconnection System Impact Study, Transmission Provider shall notify Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If Transmission Provider is unable to complete the Interconnection System Impact Study within the time period, it shall notify Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, Transmission Provider shall provide Interconnection Customer all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study, subject to confidentiality arrangements consistent with Section 48.1.

42.5 Meeting with Transmission Provider: Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer,

Transmission Provider and Interconnection Customer shall meet to discuss the results of the Interconnection System Impact Study.

42.6 Re-Study: If Re-Study of the Interconnection System Impact Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to Section 39.4, or re-designation of the Point of Interconnection pursuant to Section 42.2 Transmission Provider shall notify Interconnection Customer in writing. Such Re-Study shall take no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study shall be borne by the Interconnection Customer being re-studied.

IV. LARGE GENERATION INTERCONNECTION SERVICE

43 Interconnection Facilities Study

43.1 Interconnection Facilities Study Agreement:

Simultaneously with the delivery of the Interconnection System Impact Study to Interconnection Customer, Transmission Provider shall provide to Interconnection Customer an Interconnection Facilities Study Agreement in the form of Appendix 4 to this LGIP. The Interconnection Facilities Study Agreement shall provide that Interconnection Customer shall compensate Transmission Provider for the actual cost of the Interconnection Facilities Study. Within three (3) Business Days following the Interconnection System Impact Study results meeting, Transmission Provider shall provide to Interconnection Customer a non-binding good faith estimate of the cost and timeframe for completing the Interconnection Facilities Study. Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to Transmission Provider within thirty (30) Calendar Days after its receipt, together with the required technical data and the greater of \$100,000 or Interconnection Customer's portion of the estimated monthly cost of conducting the Interconnection Facilities Study.

43.1.1 Transmission Provider shall invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. Transmission Provider shall continue to hold the amounts on deposit until settlement of the final invoice.

43.2 Scope of Interconnection Facilities Study: The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the

Interconnection Facility to the Transmission System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Transmission Provider's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities.

43.3 Interconnection Facilities Study Procedures:

Transmission Provider shall coordinate the Interconnection Facilities Study with any Affected System pursuant to Section 38.5 above. Transmission Provider shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. Transmission Provider shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to Interconnection Customer within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: ninety (90) Calendar Days, with no more than a +/- 20 percent cost estimate contained in the report; or one hundred eighty (180) Calendar Days, if Interconnection Customer requests a +/- 10 percent cost estimate.

At the request of Interconnection Customer or at any time Transmission Provider determines that it will not meet the required time frame for completing the Interconnection Facilities Study, Transmission Provider shall notify Interconnection Customer as to the schedule status of the Interconnection Facilities Study. If Transmission Provider is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, it shall notify Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required.

Interconnection Customer may, within thirty (30) Calendar Days after receipt of the draft report, provide written comments to Transmission Provider,

which Transmission Provider shall include in the final report. Transmission Provider shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. Transmission Provider may reasonably extend such fifteen-day period upon notice to Interconnection Customer if Interconnection Customer's comments require Transmission Provider to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, Transmission Provider shall provide Interconnection Customer supporting documentation, workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study, subject to confidentiality arrangements consistent with Section 48.1.

43.4 Meeting with Transmission Provider: Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, Transmission Provider and Interconnection Customer shall meet to discuss the results of the Interconnection Facilities Study.

43.5 Re-Study: If Re-Study of the Interconnection Facilities Study is required due to a higher queued project dropping out of the queue or a modification of a higher queued project pursuant to Section 39.4, Transmission Provider shall so notify Interconnection Customer in writing. Such Re-Study shall take no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study shall be borne by the Interconnection Customer being re-studied.

IV. LARGE GENERATION INTERCONNECTION SERVICE

44 Engineering & Procurement ("E&P") Agreement

Prior to executing an LGIA, an Interconnection Customer may, in order to advance the implementation of its interconnection, request and Transmission Provider shall offer the Interconnection Customer, an E&P Agreement that authorizes Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, Transmission Provider shall not be obligated to offer an E&P Agreement if Interconnection Customer is in Dispute Resolution as a result of an allegation that Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer's Queue Position or In-Service Date. The E&P Agreement shall provide for Interconnection Customer to pay the cost of all activities authorized by Interconnection Customer and to make advance payments or provide other satisfactory security for such costs.

Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If Interconnection Customer withdraws its application for interconnection or either Party terminates the E&P Agreement, to the extent the equipment ordered can be canceled under reasonable terms, Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, Transmission Provider may elect: (i) to take title to the equipment, in which event Transmission Provider shall refund Interconnection Customer any amounts paid by Interconnection Customer for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to Interconnection Customer, in which event Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

IV. LARGE GENERATION INTERCONNECTION SERVICE

45 Optional Interconnection Study

45.1 Optional Interconnection Study Agreement: On or after the date when Interconnection Customer receives Interconnection System Impact Study results, Interconnection Customer may request, and Transmission Provider shall perform a reasonable number of Optional Studies. The request shall describe the assumptions that Interconnection Customer wishes Transmission Provider to study within the scope described in Section 45.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, Transmission Provider shall provide to Interconnection Customer an Optional Interconnection Study Agreement in the form of Appendix 5.

The Optional Interconnection Study Agreement shall:

- (i) specify the technical data that Interconnection Customer must provide for each phase of the Optional Interconnection Study, (ii) specify Interconnection Customer's assumptions as to which Interconnection Requests with earlier queue priority dates will be excluded from the Optional Interconnection Study case and assumptions as to the type of interconnection service for Interconnection Requests remaining in the Optional Interconnection Study case, and (iii) Transmission Provider's estimate of the cost of the Optional Interconnection Study. To the extent known by Transmission Provider, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection Study. Notwithstanding the above, Transmission Provider shall not be required as a result of an Optional Interconnection Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the technical data and a \$10,000 deposit to Transmission Provider.

45.2 Scope of Optional Interconnection Study: The Optional Interconnection Study will consist of a sensitivity analysis based on the assumptions specified by Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify Transmission Provider's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the results of the Optional Interconnection Study. The Optional Interconnection Study shall be performed solely for informational purposes. Transmission Provider shall use Reasonable Efforts to coordinate the study with any Affected Systems that may be affected by the types of Interconnection Services that are being studied. Transmission Provider shall utilize existing studies to the extent practicable in conducting the Optional Interconnection Study.

45.3 Optional Interconnection Study Procedures: The executed Optional Interconnection Study Agreement, the prepayment, and technical and other data called for therein must be provided to Transmission Provider within ten (10) Business Days of Interconnection Customer receipt of the Optional Interconnection Study Agreement. Transmission Provider shall use Reasonable Efforts to complete the Optional Interconnection Study within a mutually agreed upon time period specified within the Optional Interconnection Study Agreement. If Transmission Provider is unable to complete the Optional Interconnection Study within such time period, it shall notify Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required. Any difference between the study payment and the actual cost of the study shall be paid to Transmission Provider or refunded to Interconnection Customer, as appropriate. Upon request, Transmission Provider shall provide Interconnection Customer supporting documentation and workpapers and databases or data developed in the preparation of the Optional Interconnection Study, subject to confidentiality arrangements consistent with Section 48.1.

IV. LARGE GENERATION INTERCONNECTION SERVICE

46 Standard Large Generator Interconnection Agreement (LGIA)

46.1 Tender: Interconnection Customer shall tender comments on the draft Interconnection Facilities Study Report within thirty (30) Calendar Days of receipt of the report. Within thirty (30) Calendar Days after the comments are submitted, Transmission Provider shall tender a draft LGIA, together with draft appendices. The draft LGIA shall be in the form of Transmission Provider's FERC-approved standard form LGIA, which is in Appendix 6. Interconnection Customer shall execute and return the completed draft appendices within thirty (30) Calendar Days.

46.2 Negotiation: Notwithstanding Section 46.1, at the request of Interconnection Customer Transmission Provider shall begin negotiations with Interconnection Customer concerning the appendices to the LGIA at any time after Interconnection Customer executes the Interconnection Facilities Study Agreement. Transmission Provider and Interconnection Customer shall negotiate concerning any disputed provisions of the appendices to the draft LGIA for not more than sixty (60) Calendar Days after tender of the final Interconnection Facilities Study Report. If Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft LGIA pursuant to Section 46.1 and request submission of the unexecuted LGIA with FERC or initiate Dispute Resolution procedures pursuant to Section 48.5. If Interconnection Customer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if Interconnection Customer has not executed the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to Section 48.5 within sixty (60) Calendar Days of tender of draft LGIA, it shall be deemed to have withdrawn its Interconnection Request. Transmission Provider shall provide to Interconnection Customer a final LGIA

within fifteen (15) Business Days after the completion of the negotiation process.

46.3 Execution and Filing: Within fifteen (15) Business Days after receipt of the final LGIA, Interconnection Customer shall provide Transmission Provider (A) reasonable evidence that continued Site Control or (B) posting of \$250,000, non-refundable additional security, which shall be applied toward future construction costs. At the same time, Interconnection Customer also shall provide reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at Interconnection Customer election, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; or (v) application for an air, water, or land use permit.

Unless otherwise agreed by the Parties, within sixty (60) Calendar Days after receipt of the final LGIA, Interconnection Customer shall either: (i) execute two originals of the tendered LGIA and return them to Transmission Provider; or (ii) request in writing that Transmission Provider file with FERC an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the two executed originals of the tendered LGIA (if it does not conform with a FERC-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, Transmission Provider shall file the LGIA with FERC, together with its explanation of any matters as to which Interconnection Customer and Transmission Provider disagree and support for the costs that Transmission Provider proposes to charge to Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by Transmission Provider for the Interconnection Request. If the Parties agree to

proceed with design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending FERC action.

46.4 Commencement of Interconnection Activities: If Interconnection Customer executes the final LGIA, Transmission Provider and Interconnection Customer shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by FERC. Upon submission of an unexecuted LGIA, Interconnection Customer and Transmission Provider shall promptly comply with the unexecuted LGIA, subject to modification by FERC.

IV. LARGE GENERATION INTERCONNECTION SERVICE

47 Construction of Transmission Provider's Interconnection Facilities and Network Upgrades

47.1 Schedule: Transmission Provider and Interconnection Customer shall negotiate in good faith concerning a schedule for the construction of Transmission Provider's Interconnection Facilities and the Network Upgrades.

47.2 Construction Sequencing:

47.2.1 General.

In general, the In-Service Date of an Interconnection Customer seeking interconnection to the Transmission System will determine the sequence of construction of Network Upgrades.

47.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than Interconnection Customer.

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that Transmission Provider advance to the extent necessary the completion of Network Upgrades that: (i) were assumed in the Interconnection Studies for such Interconnection Customer, (ii) are necessary to support such In-Service Date, and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than Interconnection Customer that is seeking interconnection to the Transmission System, in time to support such In-Service Date. Upon such request, Transmission Provider will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that Interconnection Customer commits to pay Transmission Provider: (i) any associated expediting costs and (ii) the cost of such Network Upgrades. Transmission Provider will refund to Interconnection Customer both

the expediting costs and the cost of Network Upgrades, in accordance with Article 11.4 of the LGIA. Consequently, the entity with a contractual obligation to construct such Network Upgrades shall be obligated to pay only that portion of the costs of the Network Upgrades that Transmission Provider has not refunded to Interconnection Customer. Payment by that entity shall be due on the date that it would have been due had there been no request for advance construction. Transmission Provider shall forward to Interconnection Customer the amount paid by the entity with a contractual obligation to construct the Network Upgrades as payment in full for the outstanding balance owed to Interconnection Customer. Transmission Provider then shall refund to that entity the amount that it paid for the Network Upgrades, in accordance with Article 11.4 of the LGIA.

47.2.3 Advancing Construction of Network Upgrades that are Part of an Expansion Plan of the Transmission Provider.

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that Transmission Provider advance to the extent necessary the completion of Network Upgrades that: (i) are necessary to support such In-Service Date and (ii) would otherwise not be completed, pursuant to an expansion plan of Transmission Provider, in time to support such In-Service Date. Upon such request, Transmission Provider will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that Interconnection Customer commits to pay Transmission Provider any associated expediting costs. Interconnection Customer shall be entitled to transmission credits, if any, for any expediting costs paid.

47.2.4 Amended Interconnection System Impact Study.

An Interconnection System Impact Study will be amended to determine the facilities necessary

to support the requested In-Service Date. This amended study will include those transmission and Large Generating Facilities that are expected to be in service on or before the requested In-Service Date.

IV. LARGE GENERATION INTERCONNECTION SERVICE

48 Miscellaneous

48.1 Confidentiality: Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of an LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

48.1.1 Scope.

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly

known, through no wrongful act or omission of the receiving Party or Breach of the LGIA; or (6) is required, in accordance with Section 48.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

48.1.2 Release of Confidential Information.

Neither Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this Section 48.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 48.1.

48.1.3 Rights.

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

48.1.4 No Warranties.

By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

48.1.5 Standard of Care.

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under these procedures or its regulatory requirements.

48.1.6 Order of Disclosure.

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of the LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be

accorded any Confidential Information so furnished.

48.1.7 Remedies .

The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Section 48.1. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Section 48.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Section 48.1, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 48.1.

48.1.8 Disclosure to FERC, its Staff, or a State.

Notwithstanding anything in this Section 48.1 to the contrary, and pursuant to 18 CFR section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 CFR section 388.112, request that the information be treated as confidential and non-public by FERC and its

staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party to the LGIA when its is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with applicable state rules and regulations.

- 48.1.9** Subject to the exception in Section 48.1.8, any information that a Party claims is competitively sensitive, commercial or financial information ("Confidential Information") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party

in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

48.1.10 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

48.1.11 Transmission Provider shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time of Confidential Information is no longer needed.

48.2 Delegation of Responsibility: Transmission Provider may use the services of subcontractors as it deems appropriate to perform its obligations under this LGIP. Transmission Provider shall remain primarily liable to Interconnection Customer for the performance of such subcontractors and compliance with its obligations of this LGIP. The subcontractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

48.3 Obligation for Study Costs: Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Studies. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded, except as otherwise provided herein, to Interconnection Customer or offset against the cost of any future Interconnection Studies associated with the applicable Interconnection Request prior to beginning of any such future Interconnection Studies. Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefore. Transmission Provider shall not be obligated to perform or continue to perform any

studies unless Interconnection Customer has paid all undisputed amounts in compliance herewith.

48.4 Third Parties Conducting Studies: If (i) at the time of the signing of an Interconnection Study Agreement there is disagreement as to the estimated time to complete an Interconnection Study, (ii) Interconnection Customer receives notice pursuant to Sections 41.3, 42.4 or 43.3 that Transmission Provider will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study, or (iii) Interconnection Customer receives neither the Interconnection Study nor a notice under Sections 41.3, 42.4 or 43.3 within the applicable timeframe for such Interconnection Study, then Interconnection Customer may require Transmission Provider to utilize a third party consultant reasonably acceptable to Interconnection Customer and Transmission Provider to perform such Interconnection Study under the direction of Transmission Provider. At other times, Transmission Provider may also utilize a third party consultant to perform such Interconnection Study, either in response to a general request of Interconnection Customer, or on its own volition.

In all cases, use of a third party consultant shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where Transmission Provider determines that doing so will help maintain or accelerate the study process for Interconnection Customer's pending Interconnection Request and not interfere with Transmission Provider's progress on Interconnection Studies for other pending Interconnection Requests. In cases where Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, Interconnection Customer and Transmission Provider shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. Transmission Provider shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Interconnection Request as soon as practicable upon Interconnection Customer's request subject to the confidentiality provision in Section 48.1. In any

case, such third party contract may be entered into with either Interconnection Customer or Transmission Provider at Transmission Provider's discretion. In the case of (iii) Interconnection Customer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party consultant shall be required to comply with this LGIP, Article 26 of the LGIA (Subcontractors), and the relevant Tariff procedures and protocols as would apply if Transmission Provider were to conduct the Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes. Transmission Provider shall cooperate with such third party consultant and Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time.

48.5 Disputes:

48.5.1 Submission.

In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in

equity or at law consistent with the terms of this LGIA.

48.5.2 External Arbitration Procedures.

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 48, the terms of this Section 48 shall prevail.

48.5.3 Arbitration Decisions.

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the LGIA and LGIP and shall have no power to modify or change any provision of the LGIA and LGIP in any manner. The decision of the arbitrator(s)

shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

48.5.4 Costs.

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

48.6 Local Furnishing Bonds:

48.6.1 Transmission Providers That Own Facilities Financed by Local Furnishing Bonds.

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

**48.6.2 Alternative Procedures for Requesting
Interconnection Service.**

If Transmission Provider determines that the provision of Interconnection Service requested by Interconnection Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such Interconnection Service, it shall advise the Interconnection Customer within thirty (30) Calendar Days of receipt of the Interconnection Request.

Interconnection Customer thereafter may renew its request for interconnection using the process specified in Article 5.2(ii) of the Transmission Provider's Tariff.

V. SMALL GENERATION INTERCONNECTION SERVICE

Generator Interconnection Procedures Applicable to Generating Facilities No Larger than 20 MW

TABLE OF CONTENTS

Section 49.	Application
49.1	Applicability
49.2	Pre-Application
49.3	Interconnection Request
49.4	Modification of the Interconnection Request
49.5	Site Control
49.6	Queue Position
49.7	Interconnection Requests Submitted Prior to the Effective Date of the SGIP
Section 50.	Fast Track Process
50.1	Applicability
50.2	Initial Review
50.2.1	Screens
50.3	Customer Options Meeting
50.4	Supplemental Review
Section 51.	Study Process
51.1	Applicability
51.2	Scoping Meeting
51.3	Feasibility Study
51.4	System Impact Study
51.5	Facilities Study
Section 52.	Provisions that Apply to All Interconnection Requests
52.1	Reasonable Efforts
52.2	Disputes
52.3	Interconnection Metering
52.4	Commissioning
52.5	Confidentiality
52.6	Comparability
52.7	Record Retention
52.8	Interconnection Agreement
52.9	Coordination with Affected Systems
52.10	Capacity of the Small Generating Facility

Appendix 1 - Glossary of Terms (Attachment O of the Tariff)

Appendix 2 - Small Generator Interconnection Request (Attachment O of the Tariff)

Appendix 3 - Certification Codes and Standards (Attachment O of the Tariff)

Appendix 4 - Certification of Small Generator Equipment Packages (Attachment O of the Tariff)

Appendix 5 - Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10 kW ("10 kW Inverter Process") (Attachment O of the Tariff)

Appendix 6 - Feasibility Study Agreement (Attachment O of the Tariff)

Appendix 7 - System Impact Study Agreement (Attachment O of the Tariff)

Appendix 8 - Facilities Study Agreement (Attachment O of the Tariff)

V. SMALL GENERATION INTERCONNECTION SERVICE

49 Application

49.1 Applicability:

- 49.1.1** A request to interconnect a certified Small Generating Facility (See Appendices 3 and 4 to Attachment 0 of the Tariff for description of certification criteria) no larger than 2 MW shall be evaluated under the section 50 Fast Track Process. A request to interconnect a certified inverter-based Small Generating Facility no larger than 10 kW shall be evaluated under the Appendix 5 to Attachment 0 of the Tariff 10 kW Inverter Process. A request to interconnect a Small Generating Facility larger than 2 MW but no larger than 20 MW or a Small Generating Facility that does not pass the Fast Track Process or the 10 kW Inverter Process, shall be evaluated under the section 51 Study Process.
- 49.1.2** Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Appendix 1 to Attachment 0 of the Tariff or the body of these procedures.
- 49.1.3** Neither these procedures nor the requirements included hereunder apply to Small Generating Facilities interconnected or approved for interconnection prior to 60 Business Days after the effective date of these procedures.
- 49.1.4** Prior to submitting its Interconnection Request (Appendix 2 to Attachment 0 of the Tariff), the Interconnection Customer may ask the Transmission Provider's interconnection contact employee or office whether the proposed interconnection is subject to these procedures. The Transmission Provider shall respond within 15 Business Days.
- 49.1.5** Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day

reliability and operational security. The Federal Energy Regulatory Commission expects all Transmission Providers, market participants, and Interconnection Customers interconnected with electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

49.1.6 References in these procedures to interconnection agreement are to the Small Generator Interconnection Agreement (SGIA).

49.2 Pre-Application:

The Transmission Provider shall designate an employee or office from which information on the application process and on an Affected System can be obtained through informal requests from the Interconnection Customer presenting a proposed project for a specific site. The name, telephone number, and e-mail address of such contact employee or office shall be made available on the Transmission Provider's Internet web site. Electric system information provided to the Interconnection Customer should include relevant system studies, interconnection studies, and other materials useful to an understanding of an interconnection at a particular point on the Transmission Provider's Transmission System, to the extent such provision does not violate confidentiality provisions of prior agreements or critical infrastructure requirements. The Transmission Provider shall comply with reasonable requests for such information.

49.3 Interconnection Request

The Interconnection Customer shall submit its Interconnection Request to the Transmission Provider, together with the processing fee or deposit specified in the Interconnection Request. The Interconnection

Request shall be date- and time-stamped upon receipt. The original date- and time-stamp applied to the Interconnection Request at the time of its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in these procedures. The Interconnection Customer shall be notified of receipt by the Transmission Provider within three Business Days of receiving the Interconnection Request. The Transmission Provider shall notify the Interconnection Customer within ten Business Days of the receipt of the Interconnection Request as to whether the Interconnection Request is complete or incomplete. If the Interconnection Request is incomplete, the Transmission Provider shall provide along with the notice that the Interconnection Request is incomplete, a written list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Customer will have ten Business Days after receipt of the notice to submit the listed information or to request an extension of time to provide such information. If the Interconnection Customer does not provide the listed information or a request for an extension of time within the deadline, the Interconnection Request will be deemed withdrawn. An Interconnection Request will be deemed complete upon submission of the listed information to the Transmission Provider.

49.4 Modification of the Interconnection Request

Any modification to machine data or equipment configuration or to the interconnection site of the Small Generating Facility not agreed to in writing by the Transmission Provider and the Interconnection Customer may be deemed a withdrawal of the Interconnection Request and may require submission of a new Interconnection Request, unless proper notification of each Party by the other and a reasonable time to cure the problems created by the changes are undertaken.

49.5 Site Control

Documentation of site control must be submitted with the Interconnection Request. Site control may be demonstrated through:

- 49.5.1 Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generating Facility;
- 49.5.2 An option to purchase or acquire a leasehold site for such purpose; or
- 49.5.3 An exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the Interconnection Customer the right to possess or occupy a site for such purpose.

49.6 Queue Position

The Transmission Provider shall assign a Queue Position based upon the date- and time-stamp of the Interconnection Request. The Queue Position of each Interconnection Request will be used to determine the cost responsibility for the Upgrades necessary to accommodate the interconnection. The Transmission Provider shall maintain a single queue per geographic region. At the Transmission Provider's option, Interconnection Requests may be studied serially or in clusters for the purpose of the system impact study.

49.7 Interconnection Requests Submitted Prior to the Effective Date of the SGIP

Nothing in this SGIP affects an Interconnection Customer's Queue Position assigned before the effective date of this SGIP. The Parties agree to complete work on any interconnection study agreement executed prior the effective date of this SGIP in accordance with the terms and conditions of that interconnection study agreement. Any new studies or other additional work will be completed pursuant to this SGIP.

V. SMALL GENERATION INTERCONNECTION SERVICE

50 Fast Track Process

50.1 Applicability: The Fast Track Process is available to an Interconnection Customer proposing to interconnect its Small Generating Facility with the Transmission Provider's Transmission System if the Small Generating Facility is no larger than 2 MW and if the Interconnection Customer's proposed Small Generating Facility meets the codes, standards, and certification requirements of Appendices 3 and 4 to Attachment O of the Tariff, or the Transmission Provider has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

50.2 Initial Review: Within 15 Business Days after the Transmission Provider notifies the Interconnection Customer it has received a complete Interconnection Request, the Transmission Provider shall perform an initial review using the screens set forth below, shall notify the Interconnection Customer of the results, and include with the notification copies of the analysis and data underlying the Transmission Provider's determinations under the screens.

50.2.1 Screens

50.2.1.1 The proposed Small Generating Facility's Point of Interconnection must be on a portion of the Transmission Provider's Distribution System that is subject to the Tariff.

50.2.1.2 For interconnection of a proposed Small Generating Facility to a radial distribution circuit, the aggregated generation, including the proposed Small Generating Facility, on the circuit shall not exceed 15 % of the line section annual peak load as most recently measured at the substation. A line section is that portion of a Transmission Provider's electric system connected to a customer bounded by automatic sectionalizing

devices or the end of the distribution line.

- 50.2.1.3** For interconnection of a proposed Small Generating Facility to the load side of spot network protectors, the proposed Small Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed the smaller of 5 % of a spot network's maximum load or 50 kW¹.
- 50.2.1.4** The proposed Small Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10 % to the distribution circuit's maximum fault current at the point on the high voltage (primary) level nearest the proposed point of change of ownership.
- 50.2.1.5** The proposed Small Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or Interconnection Customer equipment on the system to exceed 87.5 % of the short circuit interrupting capability; nor shall the interconnection be proposed for a circuit that already exceeds 87.5 % of the short circuit interrupting capability.
- 50.2.1.6** Using the table below, determine the type of interconnection to a primary distribution line. This screen includes a review of the type of electrical service provided to the

Interconnecting Customer, including line configuration and the transformer connection to limit the potential for creating over-voltages on the Transmission Provider's electric power system due to a loss of ground during the operating time of any anti-islanding function.

Primary Distribution Line Type	Type of Interconnection to Primary Distribution Line	Result/Criteria
Three-phase, three wire	3-phase or single phase, phase-to-phase	Pass screen
Three-phase, four wire	Effectively-grounded 3 phase or Single-phase, line-to-neutral	Pass screen

50.2.1.7 If the proposed Small Generating Facility is to be interconnected on single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed Small Generating Facility, shall not exceed 20 kW.

50.2.1.8 If the proposed Small Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.

50.2.1.9 The Small Generating Facility, in aggregate with other generation interconnected to the transmission side of a substation transformer feeding the circuit where the Small Generating Facility proposes to interconnect shall not exceed 10 MW in an area where there are known, or posted, transient stability limitations to generating units

located in the general electrical vicinity (e.g., three or four transmission busses from the point of interconnection).

50.2.1.10 No construction of facilities by the Transmission Provider on its own system shall be required to accommodate the Small Generating Facility.

50.2.2 If the proposed interconnection passes the screens, the Interconnection Request shall be approved and the Transmission Provider will provide the Interconnection Customer an executable interconnection agreement within five Business Days after the determination.

50.2.3 If the proposed interconnection fails the screens, but the Transmission Provider determines that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the Transmission Provider shall provide the Interconnection Customer an executable interconnection agreement within five Business Days after the determination.

50.2.4 If the proposed interconnection fails the screens, but the Transmission Provider does not or cannot determine from the initial review that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards unless the Interconnection Customer is willing to consider minor modifications or further study, the Transmission Provider shall provide the Interconnection Customer with the opportunity to attend a customer options meeting.

50.3 Customer Options Meeting: If the Transmission Provider determines the Interconnection Request cannot be approved without minor modifications at minimal cost; or a supplemental study or other additional studies or actions; or at significant cost to address safety,

reliability, or power quality problems, within the five Business Day period after the determination, the Transmission Provider shall notify the Interconnection Customer and provide copies of all data and analyses underlying its conclusion. Within ten Business Days of the Transmission Provider's determination, the Transmission Provider shall offer to convene a customer options meeting with the Transmission Provider to review possible Interconnection Customer facility modifications or the screen analysis and related results, to determine what further steps are needed to permit the Small Generating Facility to be connected safely and reliably. At the time of notification of the Transmission Provider's determination, or at the customer options meeting, the Transmission Provider shall:

- 50.3.1 Offer to perform facility modifications or minor modifications to the Transmission Provider's electric system (e.g., changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Transmission Provider's electric system; or
- 50.3.2 Offer to perform a supplemental review if the Transmission Provider concludes that the supplemental review might determine that the Small Generating Facility could continue to qualify for interconnection pursuant to the Fast Track Process, and provide a non-binding good faith estimate of the costs of such review; or
- 50.3.3 Obtain the Interconnection Customer's agreement to continue evaluating the Interconnection Request under the section 51 Study Process.

50.4 Supplemental Review: If the Interconnection Customer agrees to a supplemental review, the Interconnection Customer shall agree in writing within 15 Business Days of the offer, and submit a deposit for the estimated costs. The Interconnection Customer shall be responsible for the Transmission Provider's actual costs for conducting the supplemental review. The Interconnection Customer must pay any review costs

that exceed the deposit within 20 Business Days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced costs, the Transmission Provider will return such excess within 20 Business Days of the invoice without interest.

50.4.1 Within ten Business Days following receipt of the deposit for a supplemental review, the Transmission Provider will determine if the Small Generating Facility can be interconnected safely and reliably.

50.4.1.1 If so, the Transmission Provider shall forward an executable interconnection agreement to the Interconnection Customer within five Business Days.

50.4.1.2 If so, and Interconnection Customer facility modifications are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under these procedures, the Transmission Provider shall forward an executable interconnection agreement to the Interconnection Customer within five Business Days after confirmation that the Interconnection Customer has agreed to make the necessary changes at the Interconnection Customer's cost.

50.4.1.3 If so, and minor modifications to the Transmission Provider's electric system are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under the Fast Track Process, the Transmission Provider shall forward an executable interconnection agreement to the Interconnection Customer within ten Business Days that requires the

Interconnection Customer to pay the costs of such system modifications prior to interconnection.

- 50.4.1.4** If not, the Interconnection Request will continue to be evaluated under the section 51 Study Process.

¹A spot Network is a type of distribution system found within modern commercial buildings to provide high reliability of service to a single customer. (Standard Handbook for Electrical Engineers, 11th edition, Donald Fink, McGraw Hill Book Company)

V. SMALL GENERATION INTERCONNECTION SERVICE

51 Study Process

51.1 Applicability: The Study Process shall be used by an Interconnection Customer proposing to interconnect its Small Generating Facility with the Transmission Provider's Transmission System if the Small Generating Facility (1) is larger than 2 MW but no larger than 20 MW, (2) is not certified, or (3) is certified but did not pass the Fast Track Process or the 10 kW Inverter Process.

51.2 Scoping Meeting:

51.2.1 A scoping meeting will be held within ten Business Days after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. The Transmission Provider and the Interconnection Customer will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting.

51.2.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request. The Parties shall further discuss whether the Transmission Provider should perform a feasibility study or proceed directly to a system impact study, or a facilities study, or an interconnection agreement. If the Parties agree that a feasibility study should be performed, the Transmission Provider shall provide the Interconnection Customer, as soon as possible, but not later than five Business Days after the scoping meeting, a feasibility study agreement (Appendix 6 to Attachment O of the Tariff) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

51.2.3 The scoping meeting may be omitted by mutual agreement. In order to remain in consideration

for interconnection, an Interconnection Customer who has requested a feasibility study must return the executed feasibility study agreement within 15 Business Days. If the Parties agree not to perform a feasibility study, the Transmission Provider shall provide the Interconnection Customer, no later than five Business Days after the scoping meeting, a system impact study agreement (Appendix 7 to Attachment O of the Tariff) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

51.3 Feasibility Study:

- 51.3.1** The feasibility study shall identify any potential adverse system impacts that would result from the interconnection of the Small Generating Facility.
- 51.3.2** A deposit of the lesser of 50 percent of the good faith estimated feasibility study costs or earnest money of \$1,000 may be required from the Interconnection Customer.
- 51.3.3** The scope of and cost responsibilities for the feasibility study are described in the attached feasibility study agreement (Appendix 6 to Attachment O of the Tariff).
- 51.3.4** If the feasibility study shows no potential for adverse system impacts, the Transmission Provider shall send the Interconnection Customer a facilities study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. If no additional facilities are required, the Transmission Provider shall send the Interconnection Customer an executable interconnection agreement within five Business Days.
- 51.3.5** If the feasibility study shows the potential for adverse system impacts, the review process

shall proceed to the appropriate system impact study(s).

51.4 System Impact Study:

- 51.4.1** A system impact study shall identify and detail the electric system impacts that would result if the proposed Small Generating Facility were interconnected without project modifications or electric system modifications, focusing on the adverse system impacts identified in the feasibility study, or to study potential impacts, including but not limited to those identified in the scoping meeting. A system impact study shall evaluate the impact of the proposed interconnection on the reliability of the electric system.
- 51.4.2** If no transmission system impact study is required, but potential electric power Distribution System adverse system impacts are identified in the scoping meeting or shown in the feasibility study, a distribution system impact study must be performed. The Transmission Provider shall send the Interconnection Customer a distribution system impact study agreement within 15 Business Days of transmittal of the feasibility study report, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or following the scoping meeting if no feasibility study is to be performed.
- 51.4.3** In instances where the feasibility study or the distribution system impact study shows potential for transmission system adverse system impacts, within five Business Days following transmittal of the feasibility study report, the Transmission Provider shall send the Interconnection Customer a transmission system impact study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, if such a study is required.

- 51.4.4** If a transmission system impact study is not required, but electric power Distribution System adverse system impacts are shown by the feasibility study to be possible and no distribution system impact study has been conducted, the Transmission Provider shall send the Interconnection Customer a distribution system impact study agreement.
- 51.4.5** If the feasibility study shows no potential for transmission system or Distribution System adverse system impacts, the Transmission Provider shall send the Interconnection Customer either a facilities study agreement (Appendix 8 to Attachment O of the Tariff), including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or an executable interconnection agreement, as applicable.
- 51.4.6** In order to remain under consideration for interconnection, the Interconnection Customer must return executed system impact study agreements, if applicable, within 30 Business Days.
- 51.4.7** A deposit of the good faith estimated costs for each system impact study may be required from the Interconnection Customer.
- 51.4.8** The scope of and cost responsibilities for a system impact study are described in the attached system impact study agreement.
- 51.4.9** Where transmission systems and Distribution Systems have separate owners, such as is the case with transmission-dependent utilities ("TDUs") - whether investor-owned or not - the Interconnection Customer may apply to the nearest Transmission Provider (Transmission Owner, Regional Transmission Operator, or Independent Transmission Provider) providing transmission service to the TDU to request project coordination. Affected Systems shall participate in the study and provide all information necessary to prepare the study.

51.5 Facilities Study:

- 51.5.1** Once the required system impact study(s) is completed, a system impact study report shall be prepared and transmitted to the Interconnection Customer along with a facilities study agreement within five Business Days, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the facilities study. In the case where one or both impact studies are determined to be unnecessary, a notice of the fact shall be transmitted to the Interconnection Customer within the same timeframe.
- 51.5.2** In order to remain under consideration for interconnection, or, as appropriate, in the Transmission Provider's interconnection queue, the Interconnection Customer must return the executed facilities study agreement or a request for an extension of time within 30 Business Days.
- 51.5.3** The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s).
- 51.5.4** Design for any required Interconnection Facilities and/or Upgrades shall be performed under the facilities study agreement. The Transmission Provider may contract with consultants to perform activities required under the facilities study agreement. The Interconnection Customer and the Transmission Provider may agree to allow the Interconnection Customer to separately arrange for the design of some of the Interconnection Facilities. In such cases, facilities design will be reviewed and/or modified prior to acceptance by the Transmission Provider, under the provisions of the facilities study agreement. If the Parties agree to separately arrange for design and

construction, and provided security and confidentiality requirements can be met, the Transmission Provider shall make sufficient information available to the Interconnection Customer in accordance with confidentiality and critical infrastructure requirements to permit the Interconnection Customer to obtain an independent design and cost estimate for any necessary facilities.

- 51.5.5** A deposit of the good faith estimated costs for the facilities study may be required from the Interconnection Customer.
- 51.5.6** The scope of and cost responsibilities for the facilities study are described in the attached facilities study agreement.
- 51.5.7** Upon completion of the facilities study, and with the agreement of the Interconnection Customer to pay for Interconnection Facilities and Upgrades identified in the facilities study, the Transmission Provider shall provide the Interconnection Customer an executable interconnection agreement within five Business Days.

V. SMALL GENERATION INTERCONNECTION SERVICE

52 Provisions that Apply to All Interconnection Requests

52.1 Reasonable Efforts: The Transmission Provider shall make reasonable efforts to meet all time frames provided in these procedures unless the Transmission Provider and the Interconnection Customer agree to a different schedule. If the Transmission Provider cannot meet a deadline provided herein, it shall notify the Interconnection Customer, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process.

52.2 Disputes:

52.2.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

52.2.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.

52.2.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

52.2.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.

52.2.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-

half of any costs paid to neutral third-parties.

52.2.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of these procedures.

52.3 Interconnection Metering: Any metering necessitated by the use of the Small Generating Facility shall be installed at the Interconnection Customer's expense in accordance with Federal Energy Regulatory Commission, state, or local regulatory requirements or the Transmission Provider's specifications.

52.4 Commissioning: Commissioning tests of the Interconnection Customer's installed equipment shall be performed pursuant to applicable codes and standards. The Transmission Provider must be given at least five Business Days written notice, or as otherwise mutually agreed to by the Parties, of the tests and may be present to witness the commissioning tests.

52.5 Confidentiality:

52.5.1 Confidential information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of these procedures all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed confidential information regardless of whether it is clearly marked or otherwise designated as such.

52.5.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or

release), or necessary to be divulged in an action to enforce these procedures. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under these procedures, or to fulfill legal or regulatory requirements.

52.5.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.

52.5.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

52.5.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to these procedures, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party prior to the release of the Confidential Information to FERC. The Party shall notify the other Party when it is notified by FERC that a request to release Confidential Information has been

received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

52.6 Comparability: The Transmission Provider shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this document. The Transmission Provider shall use the same reasonable efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Small Generating Facility is owned or operated by the Transmission Provider, its subsidiaries or affiliates, or others.

52.7 Record Retention: The Transmission Provider shall maintain for three years records, subject to audit, of all Interconnection Requests received under these procedures, the times required to complete Interconnection Request approvals and disapprovals, and justification for the actions taken on the Interconnection Requests.

52.8 Interconnection Agreement: After receiving an interconnection agreement from the Transmission Provider, the Interconnection Customer shall have 30 Business Days or another mutually agreeable timeframe to sign and return the interconnection agreement, or request that the Transmission Provider file an unexecuted interconnection agreement with the Federal Energy Regulatory Commission. If the Interconnection Customer does not sign the interconnection agreement, or ask that it be filed unexecuted by the Transmission Provider within 30 Business Days, the Interconnection Request shall be deemed withdrawn. After the interconnection agreement is signed by the Parties, the interconnection of the Small Generating Facility shall proceed under the provisions of the interconnection agreement.

52.9 Coordination with Affected Systems: The Transmission Provider shall coordinate the conduct of any studies

required to determine the impact of the Interconnection Request on Affected Systems with Affected System operators and, if possible, include those results (if available) in its applicable interconnection study within the time frame specified in these procedures. The Transmission Provider will include such Affected System operators in all meetings held with the Interconnection Customer as required by these procedures. The Interconnection Customer will cooperate with the Transmission Provider in all matters related to the conduct of studies and the determination of modifications to Affected Systems. A Transmission Provider which may be an Affected System shall cooperate with the Transmission Provider with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

52.10 Capacity of the Small Generating Facility:

52.10.1 If the Interconnection Request is for an increase in capacity for an existing Small Generating Facility, the Interconnection Request shall be evaluated on the basis of the new total capacity of the Small Generating Facility.

52.10.2 If the Interconnection Request is for a Small Generating Facility that includes multiple energy production devices at a site for which the Interconnection Customer seeks a single Point of Interconnection, the Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple devices.

52.10.3 The Interconnection Request shall be evaluated using the maximum rated capacity of the Small Generating Facility.

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 to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

Transmission Customers Obligated to acquire Scheduling, System Control and Dispatch Service: All Transmission Customers purchasing Long-Term Firm Point-to-Point Transmission Service, Short-Term Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service, or Network Integration Transmission Service from the Transmission Provider shall be required to acquire Scheduling, System Control and Dispatch Service from the Transmission Provider.

Charge for Scheduling, System Control and Dispatch Service: All Transmission Customers required to acquire Scheduling, System Control and Dispatch Service shall pay a charge invoiced monthly for Scheduling, System Control and Dispatch Service equal to the amount set forth below. Charges shall be calculated on an annual basis using the annual revenue requirement derived from the populated formula in this Schedule 1. Annual updates to the Schedule 1 rate shall follow the procedures set forth in Attachment H-2.

- 1) For Yearly Service, one-twelfth of the Yearly Rate determined pursuant to this Schedule 1 multiplied by either: (1) Reserved Capacity for Point-to-Point Transmission Service or (2) Monthly Network Load calculated

pursuant to Section 34.2 of the Tariff for Network Integration Transmission Service.

- 2) For Monthly Service, the Monthly Rate determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 3) For Weekly Service, the Weekly Rate determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 4) For Daily On-Peak Service, the Daily On-Peak determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 5) For Daily Off-Peak Service, the Daily Off-Peak determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 6) For Hourly On-Peak Service, the Hourly On-Peak determined pursuant to this Schedule 1 multiplied by Reserved Capacity.
- 7) For Hourly Off-Peak Service, the Hourly Off-Peak Rate determined pursuant to this Schedule 1 multiplied by Reserved Capacity.

For purposes of charging the rates set forth in this Schedule 1 to Transmission Customers purchasing Point-to-Point Transmission Service, the billing determinants shall be the amount at system output multiplied by the Transmission System loss factor in Schedule 10 of the Tariff. The total charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the Daily Rate pursuant to this Schedule 1 times the highest amount in megawatts of Reserved Capacity in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the Weekly Rate pursuant to this Schedule 1 times the highest amount in megawatts of Reserved Capacity in any hour during such week.

Scheduling, System Control and Dispatch Service to be provided:

The Transmission Provider shall ensure that personnel and equipment are adequate to allow for pre-schedules and real-time schedule changes of power deliveries through, out of, within, or into a Transmission Provider's Transmission System in accordance with Sections 13.8 and 14.6 of the Tariff and any scheduling arrangements contained in Network Interconnection and Operating Agreements.

Additional Charges for Use of PacifiCorp Facilities in other Control Areas. A Transmission Customer will be responsible for making its own transmission arrangements to the extent a Transmission Customer takes transmission service on a portion of PacifiCorp's transmission system located in another Control Area. The Transmission Customer will be responsible for a proportionate share of any charges assessed to PacifiCorp by the other Control Area operator for scheduling, system control and dispatch service associated with the Transmission Customer's transmission service. PacifiCorp will directly pass-through the costs it incurs from the Control Areas listed above without additional mark-up.

**SCHEDULE 1 FORMULA RATE FOR
SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE**

[See Appendix B of Attachment H-1.](#)

SCHEDULE 2

Reactive Supply and Voltage Control from Generation or Other Sources Service

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

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator subject to any credits provided pursuant to applicable PacifiCorp business practices. The charges for such service will be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Control Area operator.

Transmission Customers Obligated to acquire Reactive Supply and Voltage Control from Generation Sources Service: All Transmission Customers purchasing Long-Term Firm Point-to-Point Transmission Service, Short-Term Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service, or Network Integration Transmission Service from the Transmission Provider shall be required to acquire Reactive

Supply and Voltage Control from Generation Sources Service from the Transmission Provider.

Charge for Reactive Supply and Voltage Control from Generation Sources Service: For Point-To-Point Transmission Service, the rate shall be applied to the Transmission Customer's Reserved Capacity. For purposes of charging the rates set forth in this Schedule 2 to Transmission Customers purchasing Point-to-Point Transmission Service, the billing determinants shall be the amount at system output multiplied by the Transmission System loss factor in Schedule 10 of the Tariff. For Network Integration Transmission Service, the rate shall be applied to the Transmission Customer's Monthly Network Load.

1. Yearly Rate	\$0.55/kW/Year
2. Monthly Rate	\$0.046/kW/Month
3. Weekly Rate	\$0.011/kW/Week
4. Daily Rate, On-Peak	\$0.001/kW/Day
5. Hourly Rate	\$0.063/MWh

The total charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the Daily Rate pursuant to this Schedule 2 times the highest amount in megawatts of Reserved Capacity in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the Weekly Rate pursuant to this Schedule 2 times the highest amount in megawatts of Reserved Capacity in any hour during such week

Reactive Supply and Voltage Control from Generation Sources Service to be Provided: The Transmission Provider shall ensure that generation interconnected with its Transmission System meets the voltage support and reactive control requirements of the Western Electricity Coordinating Council.

SCHEDULE 3

Regulation and Frequency Response Service

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

Charge for Regulation and Frequency Response Service:

The charges below apply to Network Integration Transmission Service. Firm imports do not reduce the load obligation.

The rates below are applied to the Transmission Customer's Monthly Network Load for Network Integration Transmission Service.

1. Yearly Rate	\$2.900/kW/Year
2. Monthly Rate	\$0.242/kW/Month
3. Weekly Rate	\$0.056/kW/Week
4. Daily Rate, On-Peak	\$0.011/kW/Day
5. Daily Rate, Off-Peak	\$0.008/kW/Day
6. Hourly Rate, On-Peak	\$0.697/MWh
7. Hourly Rate, Off-Peak	\$0.332/MWh

The total charge in any day, including any charges for failure to self-supply as described in the following section, pursuant to a reservation for Hourly delivery, shall not exceed the Daily Rate pursuant to this Schedule 3 times the highest amount in megawatts of Reserved Capacity in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the Weekly Rate pursuant to this Schedule 3 times the highest amount in megawatts of Reserved Capacity in any hour during such week.

Self-Supply: A Network Customer may choose to self-supply its Regulation and Frequency Response Service obligation. Due to the nature of this service a Network Customer must either purchase 100% of its requirements or self-supply 100% of its requirements.

The total Regulation and Frequency Response Service obligation for a Transmission Customer who self-supplies is determined by the currently-effective version of NERC Reliability Standard BAL-001. The requirement is such that the Transmission Customer that is self-supplying Regulation and Frequency Response Service must show, on no less than an annual basis, that it is capable of meeting the requirements of the currently-effective version of BAL-001 consistent with PacifiCorp business practices.

SCHEDULE 3A

Generator Regulation and Frequency Response Service

Generator 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). Generator 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 for a generator located within the Control Area. The obligation to maintain this balance between resources and the generator's schedule lies with the Transmission Provider (or the Control Area that performs this function for the Transmission Provider).

The Transmission Provider must offer this service when transmission service is provided for a generator physically or electrically located in the Transmission Provider's Control Area. Generator Regulation and Frequency Response Service applies to the extent that a Transmission Customer is not already subject to Regulation and Frequency Response Service provided under Schedule 3. When applicable, the Transmission Customer must either purchase Generator Regulation and Frequency Response Service from the Transmission Provider, self supply the service, or make alternative comparable arrangements, as further described in applicable PacifiCorp business practices which may include self-supplying regulation reserve capacity from generation or non-generation resources or through dynamically scheduling its generation to another Control Area.

The amount of and charges for Generator Regulation and Frequency Response Service are set forth below. To the extent a Control Area 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 Balancing Authority. The Transmission Provider may not charge a Transmission Customer for regulation reserves under both Schedule 3 and Schedule 3A for the same transaction.

Charge for Regulation and Frequency Response Service:

The charges below apply to service that originates in the PacifiCorp Control Area and terminates in another Control Area

including: 1) Long-Term Firm Point-to-Point Transmission Service and 2) Short-Term Firm and Non-Firm Point-to-Point Transmission Service, assessed based upon the Transmission Customer's hourly usage. The rates below are applied to the amount of the Transmission Customer's Reserved Capacity for Point-to-Point Transmission Service or the Transmission Customer's hourly schedules for Short-Term Firm or Non-Firm Point-to-Point Transmission Service exported from the PacifiCorp Control Area. For purposes of charging the rates set forth in this Schedule 3A to Transmission Customers purchasing Point-to-Point Transmission Service, the billing determinants shall be the amount at system output multiplied by the Transmission System loss factor in Schedule 10 of the Tariff.

1.	Yearly Rate	\$2.900/kW/Year
2.	Monthly Rate	\$0.242/kW/Month
3.	Weekly Rate	\$0.056/kW/Week
4.	Daily Rate, On-Peak	\$0.011/kW/Day
5.	Daily Rate, Off-Peak	\$0.008/kW/Day
6.	Hourly Rate, On-Peak	\$0.697/MWh
7.	Hourly Rate, Off-Peak	\$0.332/MWh

The total charge in any day, including any charges for failure to self-supply as described in the following section, pursuant to a reservation for Hourly delivery, shall not exceed the Daily Rate pursuant to this Schedule 3A times the highest amount in megawatts of Reserved Capacity in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the Weekly Rate pursuant to this Schedule 3A times the highest amount in megawatts of Reserved Capacity in any hour during such week.

Self-Supply:

A Transmission Customer may choose to self-supply its Generator Regulation and Frequency Response Service obligation. Due to the nature of this service a Transmission Customer must either purchase 100% of its requirements or self-supply 100% of its requirements.

The total Generator Regulation and Frequency Response Service obligation for a Transmission Customer who self-supplies is determined by the currently-effective version of NERC Reliability Standard BAL-001. The requirement is such that the

Transmission Customer that is self-supplying Generator Regulation and Frequency Response Service must show, on no less than an annual basis, that it is capable of meeting the requirements of the currently-effective version of BAL-001 consistent with PacifiCorp business practices.

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

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, using the Hourly Pricing Proxy; (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Hourly Pricing Proxy for under-scheduling or 90 percent of the Hourly Pricing Proxy for over-scheduling, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of the Hourly Pricing Proxy for under-scheduling or 75 percent of the Hourly Pricing Proxy for over-scheduling.

Hourly Pricing Proxy.

For purposes of this Schedule 4, "Hourly Pricing Proxy" is defined as the average price for each hour of the delivered energy price at California-Oregon Border ("COB"), Four Corners, Mid-Columbia ("Mid-C"), and Palo Verde ("PV"). At the end of each month, the Transmission Provider shall calculate the Hourly Pricing Proxy using pricing information from Dow Jones. The prices for COB, Four Corners, Mid-C, and PV shall be averaged resulting in a spreadsheet showing the Hourly Pricing Proxy for each hour of each day for the previous month. If such data for calculating any Hourly Pricing Proxy is not available from Dow Jones, data from the same time of the previous day shall be used. A spreadsheet showing the "Hourly Pricing Proxy" for each hour of the previous month shall be accessible through the Transmission Provider's OASIS.

SCHEDULE 5

Operating Reserve - Spinning Reserve Service

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

Charges for Spinning Reserve Service:

The charges below apply to: (1) Network Integration Transmission Service; (2) Long-Term Firm Point-to-Point Transmission Service; (3) Short-Term Firm Point-to-Point Transmission Service; and (4) Short-Term Non-Firm Point-to-Point Transmission Service, assessed based upon hourly usage, for service that requires Spinning Reserve Service, as described in the preceding section and as further described in applicable PacifiCorp business practices.

The rates below are applied to the amount of the Transmission Customer's hourly load for Network Integration Transmission Service or schedules for Point-to-Point Transmission Service.

For purposes of charging the rates set forth in this Schedule 5 to Transmission Customers purchasing Firm Point-to-Point Transmission Service, the billing determinants shall be the amount at system output multiplied by the Transmission System loss factor in Schedule 10 of the Tariff.

The rate to be effective from January 1, 2012 through May 31, 2013 shall be an Hourly Rate of:

- \$0.32 MWh

The rate to be effective as of June 1, 2013 shall be an Hourly Rate of:

- \$0.39 MWh

Self-Supply:

A Transmission Customer may choose to self-supply all or a portion of its reserve obligation.

The total reserve obligation for a Transmission Customer who self-supplies is determined by the currently-effective version of WECC Regional Reliability Standard BAL-STD-002. The requirement is currently 5% of the hourly load responsibility served by hydro and wind resources and 7% served by thermal resources with at least half required to be Spinning Reserves. For a Transmission Customer choosing to self-supply a portion of its reserve obligation, the billing determinants for supplemental purchases of Schedule 5 reserve service shall be determined by: (1) identifying the difference between the amount self-supplied during each hour each month and the Transmission Customer's full requirement, as determined by WECC Standard BAL-STD-002; (2) charging the Transmission Customer the Hourly Rate multiplied by the amount of MWs identified in (1) where the Transmission Customer failed to supply its full requirement for each hour, if any failure occurred.

The Transmission Customer shall schedule that portion which it will self-supply and/or supply from third parties up to seven days in advance pursuant to procedures set forth in the business practices of the Transmission Provider. During any period that a Transmission Customer has scheduled self-supply and/or supply from third parties but fails to provide the full amount scheduled due to partial or full forced outage of the generation source or a transmission curtailment or interruption, the

Transmission Customer shall purchase the shortfall at the Hourly Rate, as described in the proceeding section.

Charge for Unauthorized Spinning Reserve Service:

A Transmission Customer's assessment of an unauthorized use charge will include a charge for Spinning Reserve Service in accordance with Schedule 11 to the Tariff. Additionally, any Transmission Customer purchasing Transmission Service from the Transmission Provider in order to serve firm load within the Transmission Provider's Control Area or firm exports from the Transmission Provider's Control Area using an import from another Control Area that is found to be interruptible shall be assessed a charge for unauthorized Spinning Reserve Service under this Schedule 5. For the purposes of this Schedule 5, an interruptible import is an import where any generation or transmission element of such import to the Transmission Provider's Transmission System is interruptible or where any transmission element through, out of, within, or into the Transmission Provider's Transmission System is interruptible (excluding system contingencies resulting in transmission outages). Any Transmission Customer making such use of the Transmission Provider's Transmission System and not self-supplying or supplying from third parties such associated spinning reserve requirement shall be responsible to compensate the Transmission Provider for unauthorized Spinning Reserve under this Schedule 5 for the amount of energy scheduled for delivery to the Transmission Provider from such interruptible import at twice the hourly rates set forth above. In addition, upon any actual interruption of such import (excluding system contingencies resulting in transmission outages), the amount of energy scheduled to be delivered from such interruptible import during the time period that Unauthorized Spinning Reserve Service was provided shall be included as part of Energy Imbalance in Schedule 4. Such amount shall be in addition to any amount paid for any other Transmission Service.

Spinning Reserve Service to be Provided:

The Transmission Provider, using its generators controlled by automatic generation control, will provide the capacity required to provide Spinning Reserve Service for a Transmission Customer. Upon an outage of a generation resource for which Spinning Reserve Service has been purchased from the Transmission Provider, the Transmission Provider will provide replacement capacity commencing immediately upon such outage

earlier of (1) the restoration of such resource to service by the Transmission Customer or (2) the end of ten (10) full minutes after the occurrence of such outage. To the extent that the Transmission Provider determines that a Transmission Customer's specific Spinning Reserve Requirements are not being fully met through the purchase of Spinning Reserve Service as provided above, the Transmission Provider reserves the right (upon filing with the Commission) to require such Transmission Customer to purchase a greater amount of Spinning Reserve Service.

SCHEDULE 6

Operating Reserve - Supplemental Reserve Service

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

Charges for Supplemental Reserve Service:

The charges below apply to: 1) Network Integration Transmission Service; 2) Long-Term Firm Point-to-Point Transmission Service; 3) Short-Term Firm Point-to-Point Transmission Service, and (4) Short-Term Non-Firm Point-to-Point Transmission Service, assessed based upon hourly usage, for service that requires Supplemental Reserve Service, as described in the preceding section and as further described in applicable PacifiCorp business practices.

The rates below are applied to the amount of the Transmission Customer's hourly load for Network Integration Transmission Service or schedules for Point-to-Point Transmission Service. For purposes of charging the rates set forth in this Schedule 6 to Transmission Customers purchasing Firm Point-to-Point Transmission Service, the billing determinants shall be

the amount at system output multiplied by the Transmission System loss factor in Schedule 10 of the Tariff.

The rate to be effective from January 1, 2012 through May 31, 2013 shall be an Hourly Rate of:

- \$0.29 MWh

The rate to be effective as of June 1, 2013 shall be an Hourly Rate of:

- \$0.34 MWh

Self-Supply:

A Transmission Customer may choose to self-supply all or a portion of its reserve obligation.

The total reserve obligation for a Transmission Customer who self-supplies is determined by the currently-effective version of WECC Regional Reliability Standard BAL-STD-002. The requirement is currently 5% of the hourly load responsibility served by hydro and wind resources and 7% served by thermal resources with at least half required to be Spinning Reserves. For a Transmission Customer choosing to self-supply a portion of its reserve obligation, the billing determinants for supplemental purchases of Schedule 6 reserve service shall be determined by: (1) identifying the difference between the amount self-supplied during each hour each month and the Transmission Customer's full requirement, as determined by WECC Standard BAL-STD-002; (2) charging the Transmission Customer the Hourly Rate multiplied by the amount of MWs identified in (1) where the Transmission Customer failed to supply its full requirement for each hour, if any failure occurred.

The Transmission Customer shall schedule that portion which it will self-supply and/or supply from third parties up to seven days in advance pursuant to procedures set forth in the Business Practices of the Transmission Provider. During any period that a Transmission Customer has scheduled self-supply and/or supply from third parties but fails to provide the full amount scheduled due to partial or full forced outage of the generation source or a transmission curtailment or interruption, the Transmission Customer shall purchase the shortfall at the hourly rate.

Charge for Unauthorized Supplemental Reserve Service:

A Transmission Customer assessment of an unauthorized use charge will include a charge for Supplemental Reserve Service in accordance with Schedule 11 to the Tariff. Additionally, any Transmission Customer purchasing Transmission Service from the Transmission Provider in order to serve firm load within the Transmission Provider's Control Area or firm exports from the Transmission Provider's Control Area using an import from another Control Area that is found to be interruptible shall be assessed a charge for unauthorized Supplemental Reserve Service under this Schedule 6. For the purposes of this Schedule 6, an interruptible import is an import where any generation or transmission element of such import to the Transmission Provider's Transmission System and not self-supplying or supplying from third parties such associated supplemental reserve requirement is interruptible or where any transmission element through, out of, within, or into the Transmission Provider's Transmission System is interruptible (excluding system contingencies resulting in transmission outages). Any Transmission Customer making such use of the Transmission Provider's Transmission System shall be responsible to compensate the Transmission Provider for unauthorized Supplement Reserve under this Schedule 6 for the amount of energy scheduled for delivery to the Transmission Provider from such interruptible import at twice the hourly rates set forth above. In addition, upon any actual interruption of such import (excluding system contingencies resulting in transmission outages), the amount of energy scheduled to be delivered from such interruptible import during the time period that Unauthorized Supplemental Reserve Service was provided shall be included as part of Energy Imbalance in Schedule 4. Such amount shall be in addition to any amount paid for any other transmission service.

Supplemental Reserve Service to be Provided:

The Transmission Provider, using its generators controlled by automatic generation control, will provide the capacity required to provide Supplemental Reserve Service for a Transmission Customer. Upon an outage of a generation resource for which Supplemental Reserve Service has been purchased from the Transmission Provider, the Transmission Provider will provide replacement capacity commencing at the end of ten (10) full minutes after such outage until the earlier of (1) the restoration of such resource to service by the Transmission

Customer or (2) the end of the first full hour immediately following such outage.

To the extent that the Transmission Provider determines that a Transmission Customer's specific Supplemental Reserve Requirements are not being fully met through the purchase of Supplemental Reserve Service as provided above, the Transmission Provider reserves the right (upon filing with the Commission) to require such Transmission Customer to purchase a greater amount of Supplemental Reserve Service.

SCHEDULE 7

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

Charges under this Schedule 7 shall be calculated annually using the populated Formula Rate in Attachment H-1. Charges shall be posted on Transmission Provider's OASIS on the publication date of the annual update of the ATRR, as indicated in the Protocols included in Attachment H-2.

For Transmission Service, the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth below and posted on OASIS:

- 1) **Annual Update:** The rates for Schedule 7 shall be updated annually on June 1 of each year in accordance with the Protocols in Attachment H-2.
- 2) **Partial delivery:** (an amount equal to the Reserved Capacity per period pro-rated by the amount of Partial Service provided): This service is for partial reservations pursuant to Section 19.7 of the Tariff. This service shall only be available when a Transmission Customer's requested reservation cannot be provided except during limited amounts of time (i.e. only during on-peak or off-peak hours, seasonally, etc.) without the construction of new transmission facilities. Any amount of Reserved Capacity that can be provided at all times on a firm basis shall be as priced in accordance with Attachment H-1. This service shall be available until additional facilities are installed or until other firm utilization diminishes to the extent that firm non-time constrained transmission service is available. Any limitations or restrictions shall be specified in the relevant Transmission Customer's Service Agreement.
- 3) **Yearly delivery:** The amount identified in the posted Formula Rate/kW-year of Reserved Capacity.
- 4) **Monthly delivery:** The amount identified in the posted Formula Rate/kW-month of Reserved Capacity.
- 5) **Weekly delivery:** The amount identified in the posted Formula Rate/kW-week of Reserved Capacity.

- 6) **Daily On-Peak Delivery:** The amount identified in the posted Formula Rate/kW-day of Reserved Capacity.
- 7) **Daily Off-Peak Delivery:** The amount identified in the posted Formula Rate/kW-day of Reserved Capacity.
- 8) **Hourly On-Peak Delivery:** The amount identified in the posted Formula Rate/MWh of Reserved Capacity.
- 9) **Hourly Off-Peak Delivery:** The amount identified in the posted Formula Rate/MWh of Reserved Capacity.
- 10) The total charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the Weekly Rate pursuant to this Schedule 7 times the highest amount in megawatts of Reserved Capacity in any hour during such week. In addition, the total charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the Daily Rate pursuant to this Schedule 7 times the highest amount in megawatts of Reserved Capacity in any hour during such day. For purposes of charging the rates set forth in this Schedule 7 to Transmission Customers purchasing Firm Point-to-Point Transmission Service, the billing determinants shall be the amount at system output multiplied by the Transmission System loss factor in Schedule 10 of the Tariff. The amount to be reserved for Long-Term Firm Point-to-Point Transmission Service is the amount delivered at system output.
- 11) **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.

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

- 13) **Unauthorized Use of Transmission Service:** The penalty charge for a Transmission Customer that engages in unauthorized use is calculated in accordance with Schedule 11.

SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

Charges under this Schedule 8 shall be calculated annually using the populated Formula Rate in Attachment H-1. Charges shall be posted on Transmission Provider's OASIS on the publication date of the annual update of the ATRR, as indicated in the Protocols included in Attachment H-2.

For Transmission Service, the Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below and posted on OASIS.

- 1) **Annual Update:** The rates for Schedule 8 shall be updated annually on June 1 of each year in accordance with the Protocols in Attachment H-2.
- 2) **Monthly Delivery:** The amount identified in the posted Formula Rate/kW-month of Reserved Capacity.
- 3) **Weekly Delivery:** The amount identified in the posted Formula Rate/kW-week of Reserved Capacity.
- 4) **Daily On-Peak Delivery:** The amount identified in the posted Formula Rate/kW-day of Reserved Capacity.
- 5) **Daily Off-Peak Delivery:** The amount identified in the posted Formula Rate/kW-day of Reserved Capacity.
- 6) **Hourly On-Peak Delivery:** The amount identified in the posted Formula Rate/MWh of Reserved Capacity.
- 7) **Hourly Off-Peak Delivery:** The amount identified in the posted Formula Rate/MWh of Reserved Capacity.
- 8) The total charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the Weekly Rate pursuant to this Schedule 8 times the highest amount in megawatts of Reserved Capacity in any hour during such week. In addition, the total charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the Daily Rate pursuant to this Schedule 8 times the highest amount in megawatts of Reserved Capacity in any hour during such day. For purposes of charging the rates set forth in

this Schedule 8 to Transmission Customers purchasing Non-Firm Point-to-Point Transmission Service, the billing determinants shall be the amount at system output multiplied by the Transmission System loss factor in Schedule 10 of the Tariff. The amount to be reserved for Non-Firm Point-to-Point Transmission Service is the amount delivered at system output.

- 9) **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.
- 10) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.
- 11) **Unauthorized Use of Transmission Service:** The penalty charge for a Transmission Customer that engages in unauthorized use is calculated in accordance with Schedule 11.

SCHEDULE 9

Generator Imbalance Service

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

The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows:

- (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at the Hourly Pricing Proxy,
- (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Hourly Pricing Proxy for under-scheduling or 90 percent of the Hourly Pricing Proxy for over-scheduling, and
- (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the

Transmission Customer's scheduled transaction(s) will be settled at 125 percent of the Hourly Pricing Proxy for under-scheduling or 75 percent of the Hourly Pricing Proxy for over-scheduling, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

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

Hourly Pricing Proxy:

For purposes of this Schedule 9, "Hourly Pricing Proxy" is defined as the average price for each hour of the delivered energy price at California-Oregon Border ("COB"), Four Corners, Mid-Columbia ("Mid-C"), and Palo Verde ("PV"). At the end of each month, the Transmission Provider shall calculate the Hourly Pricing Proxy using pricing information from Dow Jones. The prices for COB, Four Corners, Mid-C, and PV shall be averaged resulting in a spreadsheet showing the Hourly Pricing Proxy for each hour of each day for the previous month. If such data for calculating any Hourly Pricing Proxy is not available from Dow Jones, data from the same time of the previous day shall be used. A spreadsheet showing the "Hourly Pricing Proxy" for each hour of the previous month shall be accessible through the Transmission Provider's OASIS.

Applicability to Interconnection Customers:

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

Schedule 10

Real Power Losses

For Service Over the Transmission Provider's Transmission System:

Any use of the Transmission Provider's Transmission System shall be assessed Real Power Losses in the following amounts:

Use of any portion of the Transmission System at a voltage of 46kV or greater	4.26%
Use of any portion of the Distribution System at a voltage 34.5 kV or less	3.56%
Use of a combination of the Transmission System and the Distribution System	7.82%

For Service on the PacifiCorp COI Segment:

Real Power Losses shall be calculated in accordance with Attachment S for Transmission Service on the PacifiCorp COI Segment.

Service Over PacifiCorp Facilities in Other Control Areas: For Transmission Service provided over PacifiCorp lines located in another control area, any Real Power Losses assessed to PacifiCorp by the adjacent control area associated with the Customer's service will be passed through to the Transmission Customer. In instances where service is provided by PacifiCorp and an adjacent control area, any Real Power Losses assessed by the adjacent control area to PacifiCorp will be passed through to the Transmission Customer in addition to PacifiCorp Real Power Losses identified in this section.

Settlement of Transmission Losses: Unless Transmission Service is subject to Attachment S of the Tariff, a Transmission Customer taking Firm or Non-Firm Point-to-Point Transmission Service shall be responsible for Real Power Losses as provided for in Section 15.7 of the Tariff, this Schedule 10 and the Transmission Provider's business practices posted on OASIS. A Transmission Customer shall have the option to settle Real Power Losses pursuant to section (a) (Financial Settlement) or section

(b) (Physical Delivery) subject to the Transmission Provider's business practices posted on OASIS.

(a) **Financial Settlement.**

(i) **Charges for Transmission Losses.** For each hour where the Transmission Provider provides loss service, the Transmission Customer shall compensate the Transmission Provider at a rate equal to the "Hourly Pricing Proxy" for energy for such hour. "Hourly Pricing Proxy" is defined in Schedules 4 and 9.

(b) **Physical Delivery.** Transmission Customers opting for physical delivery shall schedule losses to the Transmission Provider concurrently with transmission schedules. The Transmission Provider shall deliver to the Point(s) of Delivery the amount of power received from a Transmission Customer at Point(s) of Receipt, reduced for losses from the Point(s) of Receipt to the Point(s) of Delivery. The amount delivered to the Point(s) of Delivery shall be determined to be the amount of power received from a Transmission Customer at the Point(s) of Receipt divided by $(1 + \text{Real Power Losses rate})$ and the amount of losses shall be determined to be the amount of power received from a Transmission Customer at Point(s) of Receipt multiplied by $(1 - 1 / (1 + \text{Real Power Losses rate}))$. Any hourly differences between the amounts of power scheduled to be delivered at Point(s) of Delivery (plus applicable Real Power Losses) and the actual amounts of energy received at Point(s) of Receipt shall be accounted for as Energy Imbalance subject to charges pursuant to Schedule 4.

Real Power Losses Updates: PacifiCorp shall update Schedule 10 factors for Real Power Losses following completion of every two Energy Gateway Project segments (or substantially similar transmission segments or combination thereof) which have been placed into commercial operation for at least one full calendar year. PacifiCorp's update to the Transmission System loss factor shall be filed on or before April 1 following the full calendar year of commercial operation for the second of every two Energy Gateway Project segments (or substantially similar transmission segments or combination thereof) with a request to the Commission that the updated Transmission System loss factor be made effective June 1 of the calendar year in which the filing is made. Such filing shall be based on the most recent FERC Form No. 1 data for the prior calendar year. The update

calculation shall be consistent with the methodology agreed upon in ER11-3643 and shall be based on annual sources and uses of energy from FERC Form No. 1, p. 401a, with adjustments to remove any energy source and corresponding energy use (i) which is not scheduled or otherwise transacted using PacifiCorp's transmission system, (ii) which is duplicative of, in part or whole, another energy source or energy use already represented in the data on FERC Form No. 1, p. 401a, and (iii) which represent financially settled losses (i.e., no actual physical losses).

SCHEDULE 11

Unauthorized Use of Transmission Service

In the event that a Transmission Customer has not secured Reserved Capacity or exceeds its firm or non-firm Reserved Capacity at any Point of Receipt or any Point of Delivery, except as otherwise specified in Section 22 of the Tariff, the following will apply:

- (a) Unreserved Use. A Transmission Customer that uses transmission service that it has not reserved or uses transmission service in excess of its reserved capacity ("Unreserved Use") in accordance with this Tariff is subject to penalty charges set forth below.
- (b) Penalty Charge - Unreserved Use. The penalty charge for a Transmission Customer that engages in Unreserved Use is as follows:
 - (i) where the Unreserved Use is for a duration of a single hour or less - 200% of the Daily firm point-to-point charge;
 - (ii) where the Unreserved Use is in excess of an Hourly non-firm reservation - 200% of the Hourly non-firm point-to-point charge;
 - (iii) where the Unreserved Use occurs on multiple occasions for more than one hour over the course of one day - 200% of the Daily firm point-to-point charge will be assessed against the hour with the highest level of use;
 - (iv) where the Unreserved Use occurs on multiple occasions for any given duration (including multiple times for more than an hour over the course of a day and repeated over more than one day) - 200% of the applicable firm point-to-point charge for the next longest duration will be assessed against the hour with the highest level of use (e.g. if an assessment is for multiple days, the penalty will be 200% of the Weekly firm point-to-point delivery charge);

- (c) Ancillary Service Charge. A Transmission Customer that engages in Unreserved Use is also subject to pay ancillary service charges for the period of Unreserved Use.
- (d) Nothing in this Section shall be taken to create a reservation by virtue of use where there was not already in existence a reservation validly authorized by the Transmission Provider.
- (e) An Interconnection Customer subject to charges for Generator Imbalance Service under Schedule 9 of this Tariff may also be subject to applicable charges for Unreserved Use as set forth in this Schedule 11 for the same transaction.

ATTACHMENT A

Form Of Service Agreement For _____ [Long-Term or Short-Term] Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between PacifiCorp ("Transmission Provider"), and _____ ("Transmission Customer") for the provision of _____ [Long-Term or Short-Term] Firm Point-to-Point Transmission Service.
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 For Long-Term Firm Point-to-Point Transmission Service:
 - 3.1 The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.
 - 3.2 Service under this agreement shall commence on the later of (1) the requested Service commencement date, (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
 - 3.3 Service under this agreement shall be in accordance with the attached Specifications.
- 4.0 For Short-Term Firm Point-to-Point Transmission Service:
 - 4.1 Service under this Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Transmission Customer pursuant to the terms and conditions of the Tariff.
 - 4.2 The Transmission Customer agrees to supply information the Transmission Provider deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.

- 4.3 The Transmission Customer will provide to the Transmission Provider an Application deposit for Short-Term Firm Point-to-Point Transmission Service in accordance with the provisions of Section 17.3 of the Tariff at the time such service is arranged.
- 4.4 Service under this agreement shall commence and shall be provided as agreed to at the time such service is arranged.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

US Mail Deliveries: PacifiCorp Transmission
PO Box 2757
Portland, OR 97208-2757

Other Deliveries: PacifiCorp Transmission
Attn: Central Cashiers
1033 NE 6th Ave
Portland OR 97256-0001

Phone Number: (503) 813-6774

Transmission Customer:

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

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

PacifiCorp:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

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

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

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

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

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

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

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

8.0 Service under this Agreement may be subject to some
combination of the charges detailed below. (The appropriate

charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge: _____

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

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

Attachment A-1

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

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

Transmission Provider:

Assignee:

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

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

Transmission Provider:

By: _____ Name Title
Date

Assignee:

By: _____ Name Title
Date

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

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

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

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 Maximum amount of reassigned capacity: _____

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

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

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

8.1 Transmission Charge: _____

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

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

9.0 Name of Reseller of the reassigned transmission capacity:

ATTACHMENT B

**Form of Umbrella Service Agreement For Non-Firm Point-To-Point
Transmission Service**

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

Transmission Provider:

US Mail Deliveries: PacifiCorp Transmission
PO Box 2757
Portland, OR 97208-2757

Other Deliveries: PacifiCorp Transmission
Attn: Central Cashiers
1033 NE 6th Ave
Portland OR 97256-0001

Phone Number: (503) 813-6774

Transmission Customer:

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

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

PacifiCorp:

By: _____ Name Title
Date

Transmission Customer:

By: _____ Name Title
Date

ATTACHMENT C

Methodology to Assess Available Transfer Capability

This Attachment C contains the Transmission Provider's methodology to assess the Available Transfer Capability of the Transmission System.

Definitions

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

ATC Path: Any combination of Point of Receipt and Point of Delivery for which ATC is calculated; and any Posted Path.¹

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

Existing Transmission Commitments (ETC): Committed uses of a Transmission Provider's Transmission System considered when determining ATC.

Non-Simultaneous Transfer Capability (or Limit): The capability or capacity of a transmission circuit or path, in megawatts, to transfer power reliably and in accordance with prescribed reliability criteria independent of concurrent flows on other circuits or paths. Non-Simultaneous Transfer Capability is normally determined with all potentially interacting circuits or paths loaded below the levels at which limitations are observed.

¹ See 18 CFR § 37.6(b)(1)

Operating Horizon: The pre-schedule/day ahead period of time that begins at the end of the Scheduling Horizon and extends through the end of the last day that has been or is being pre-scheduled.

Operating Transfer Capability (OTC): An adjustment to the TTC of a posted transmission path during the Scheduling and Operating Horizons for seasonal system performance and power flows and or variations in dispatch and load patterns, as well as when the system is in an abnormal operating state, such as during forced or planned line outages. During periods when an OTC value is required, the transmission path scheduling limit will be the OTC instead of the TTC. OTC represents the reliability limit of a transmission path at the point in time and for the duration of the system abnormality.

Planning Horizon: The period of time that begins at the end of the Operating Horizon and extends to ten years from the current day.

Scheduling Horizon: The real-time period that begins with the current hour and extends through the current day, up to 24 hours from the current hour.

Simultaneous Transfer Capability (or Limit): The capability or capacity of a transmission circuit or path, in megawatts, to transfer power reliably and in accordance with prescribed reliability criteria in concert with other interacting paths, circuits, or generators. Simultaneous Transfer Capability is the interactive relationship with the flows on other transfer paths or circuits or the outputs of generators and is typically defined in the form of nomograms (parametric functions).

Total Transfer Capability (TTC): The amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of transmission lines (or paths) between those areas under specified system conditions.

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

Transmission Service Request (TSR): Valid OATT transmission service requests submitted via OASIS for Point-to-Point Transmission Service under PacifiCorp's tariff.

Determination of ATC

Because PacifiCorp uses the Rated System Path Methodology, the currently effective version of NERC Reliability Standard MOD-029 ("Rated System Path Methodology") shall apply to calculate TTCs and ATCs for ATC Paths. All ATC calculation methodologies derive ATC by first determining TTC, expressed in terms of contract paths, and reducing that figure by existing transmission commitments (i.e., ETC), a margin that recognizes uncertainties with transfer capability (i.e., TRM), and a margin that allows for meeting generation reliability criteria (i.e., CBM).

(1) Description of Mathematical Algorithms Used to Calculate Firm And Non-Firm ATC

ATC calculations are made and posted on PacifiCorp's OASIS for three time horizons as described herein:

Scheduling Horizon: OASIS calculates the ATC after the Operating Horizon closes, typically at 3:00 PM Pacific time the day before transactions are scheduled to occur. In addition, PacifiCorp's OASIS re-calculates ATC continuously during the Scheduling Horizon as new TSRs are confirmed and as soon as schedules are received and approved for existing reservations.

ATC is also recalculated whenever new e-Tags are received and impact either firm or non-firm ATC.

Operating Horizon: PacifiCorp's OASIS re-calculates ATC continuously during the Operating Horizon as new TSRs are confirmed and as soon as schedules are received and approved for existing reservations.

To determine firm and non-firm ATC, the Transmission Provider uses the following algorithms for the Scheduling, Operating and Planning Horizons:

$$(a) \text{ Firm ATC (ATCF)} = \text{TTC} - \text{ETCF} - \text{CBM} - \text{TRM} + \text{PostbacksF} \\ + \text{CounterflowsF}$$

Where:

ATCF is the firm Available Transfer Capability for the ATC Path for that period.

TTC is the Total Transfer Capability of the ATC Path for that period.

ETCF is the sum of existing firm commitments for the ATC Path during that period.

CBM is the Capacity Benefit Margin for the ATC Path during that period.

TRM is the Transmission Reliability Margin for the ATC Path during that period.

PostbacksF are changes to firm Available Transfer Capability due to a change in the use of Transmission Service for that period, as defined in Business Practices.

CounterflowsF are adjustments to firm Available Transfer Capability as determined by the Transmission Provider and as specified in PacifiCorp's Available Transfer Capability Implementation Document ("ATCID"). Counterflows are defined as counter schedules. Firm counterflows are set to zero in all horizons.

(b)
$$\text{Non-Firm ATC (ATCNF)} = \text{TTC} - \text{ETCF} - \text{ETCNF} - \text{CBMS} - \text{TRMJ} + \text{PostbacksNF} + \text{CounterflowsNF}$$

Where:

ATCNF is the non-firm Available Transfer Capability for the ATC Path for that period.

TTC is the Total Transfer Capability of the ATC Path for that period.

ETCF is the sum of existing firm commitments for the ATC Path during that period.

ETCNF is the sum of existing non-firm commitments for the ATC Path during that period.

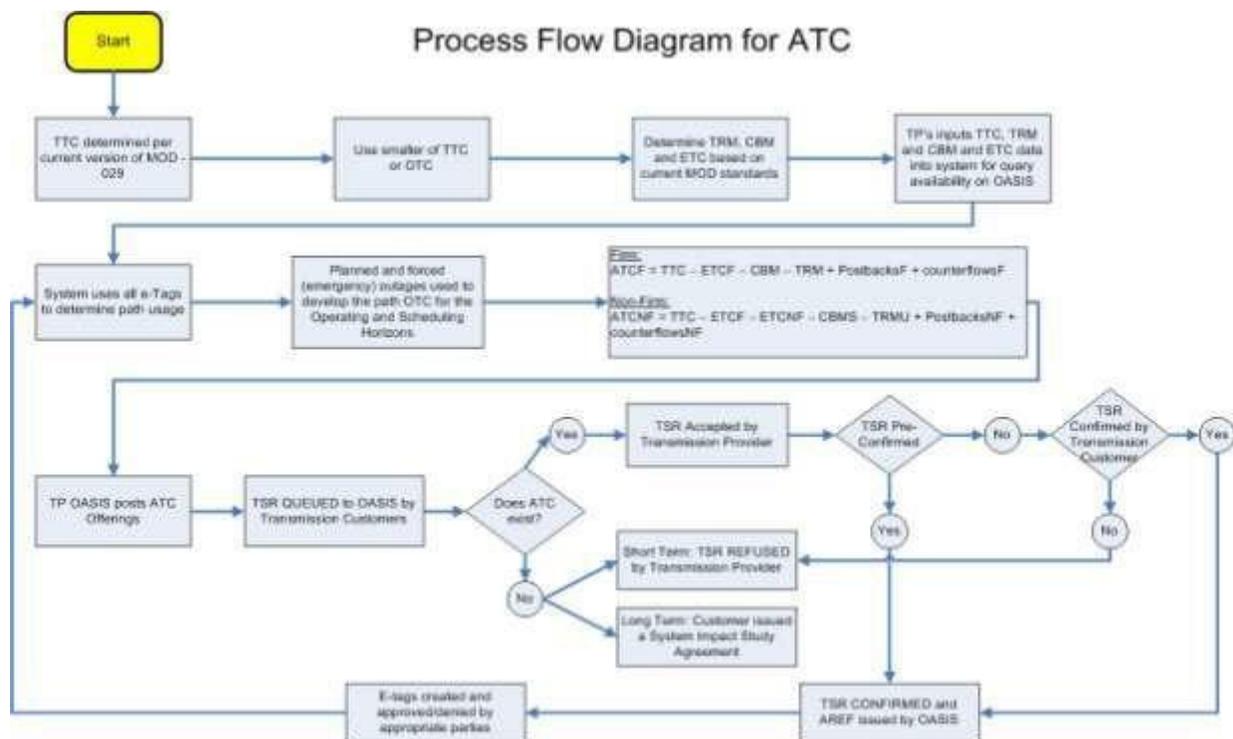
CBMS is the Capacity Benefit Margin for the ATC Path that has been scheduled during that period.

TRMU is the Transmission Reliability Margin for the ATC Path that has not been released for sale (unreleased) as non-firm capacity by the Transmission Service Provider during that period.

PostbacksNF are changes to non-firm Available Transfer Capability due to a change in the use of Transmission Service for that period, as defined in Business Practices.

CounterflowsNF are adjustments to non-firm Available Transfer Capability as determined by the Transmission Provider and as specified in PacifiCorp's ATCID. Counterflows are defined as counter schedules. Firm and non-firm counterflows are added to non-firm ATC in the Operating and Scheduling Horizons.

(2) Process Flow Diagram



(3) Detailed Description of ATC Components

(a) Total Transfer Capability (TTC)

(i) Definition

TTC is defined as the amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of all transmission lines (or paths) between those areas under specified system conditions.

(ii) Calculation Methodology

TTC is calculated pursuant to the currently effective version of NERC Reliability Standard MOD-029 ("Rated System Path Methodology"), Requirement R2.

Planning Horizon

PacifiCorp uses previously established TTC ratings on lines (paths) which have been in effect since January 1, 1994, and no action has been taken to the path rating using a different method; the same approach is also proposed in Requirement R2.7 of the NERC Reliability Standard MOD-029-1 for Rated System Path Methodology.

PacifiCorp may also conduct seasonal assessment studies of the transmission system which may require adjustment to the path TTC creating a Seasonal Operating Transfer Capability (Seasonal OTC) of the Bulk system. These studies establish the next season's maximum transfer capacity for selected transmission paths. When conducting a Seasonal OTC study, PacifiCorp follows the WECC policy of using a critical outage for a load condition and generation pattern defined by WECC to establish the OTC that meets reliability criteria

Operating Horizon

Under certain operating conditions, primarily planned and forced outages causing deviations from the "system normal" TTC, the posted TTC becomes the Operating Transmission Capability (OTC). OTC is an adjustment to TTC in the Operating Horizon for all planned outages which affect the transmission system's reliable transfer capability. Planned outages are modeled by operations engineers using load flow software. The impacted path's

TTC is adjusted to an effective OTC for the duration of the outage established using the load flow result.

(iii) Databases Used in TTC Assessments

PacifiCorp uses the applicable WECC developed system power flow base cases. To establish summer TTC, the peak summer case is used. Conversely, to establish a winter TTC, the winter peak case is used. PacifiCorp considers the information in the databases to be Critical Energy Infrastructure Information.

(iv) Assumptions Used in TTC Assessments.

The assumptions that PacifiCorp uses in its TTC assessments, including load levels, generation dispatch, and modeling of planned and contingency outages, are set out in Requirement R2 of the currently effective version of NERC Reliability Standard MOD-029 ("Rated System Path Methodology").

During the Scheduling and Operating Horizons, OASIS automatically modifies the posted TTC under certain operating conditions, primarily planned and forced outages. Under these conditions, the posted TTC becomes the Operating Transmission Capability (OTC), which is the amount of electric power that can be moved or transferred reliably at the point in time and for the duration of the system abnormality. A TTC for ATC Paths is modified to an OTC when a path is impacted by a planned or unplanned (emergency) transmission outage. In these instances the posted TTC on OASIS is decremented automatically whenever a new transmission outage is delivered to OASIS from PacifiCorp's Outage Management Software (COMPASS). The Outage Coordinator selects the appropriate path(s) or equipment for each outage and if the outage affect(s) a posted paths operating capability, OASIS will generate a path OTC which will be automatically posted and utilized in the ATC formula for calculation during the scheduling and operating horizons for the duration of the outage event.

(b) Existing Transmission Commitments (ETC)

(i) Definition

Existing transmission commitments (ETC) are committed uses of a Transmission Provider's Transmission System considered when determining ATC.

(ii) Calculation Methodology

When calculating ETC for firm Existing Transmission Commitments (ETCF) for a specified period for an ATC Path, PacifiCorp uses the algorithm below:

$$\text{ETCF} = \text{NLF} + \text{NITSF} + \text{GFF} + \text{PTPF} + \text{RORF} + \text{OSF}$$

Where:

NLF is the firm capacity set aside to serve peak Native Load forecast commitments for the time period being calculated, to include losses, and Native Load growth, not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

NITSF is the firm capacity reserved for Network Integration Transmission Service serving Load, to include losses, and Load growth, not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

GFF is the firm capacity set aside for grandfathered Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider's Open Access Transmission Tariff or "safe harbor tariff."

PTPF is the firm capacity reserved for confirmed Point- to-Point Transmission Service.

RORF is the firm capacity reserved for Roll-over rights for contracts granting Transmission Customers the right of first refusal to take or continue to take Transmission Service when the Transmission Customer's Transmission Service contract expires or is eligible for renewal.

OSF is the firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using Firm Transmission Service as specified in the ATCID.

When calculating Non-Firm ATC, PacifiCorp includes each of the components of non-firm Existing Transmission Commitments (ETCNF) for a specified period for an ATC Path, using the algorithm below:

$$\text{ETCNF} = \text{NITSNF} + \text{GFNF} + \text{PTPNF} + \text{OSNF}$$

Where:

NITSNF is the non-firm capacity set aside for Network Integration Transmission Service serving Load (*i.e.*, secondary service), to include losses, and load growth not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

GFNF is the non-firm capacity set aside for grandfathered Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider's OATT.

PTPNF is non-firm capacity reserved for confirmed Point- to-Point Transmission Service.

OSNF is the non-firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using non-firm Transmission Service as specified in the ATCID.

PacifiCorp does not set aside or reserve either (1) non-firm capacity for grandfathered Transmission Service and contracts for energy and/or Transmission Service executed prior to the effective date of PacifiCorp's OATT or (2) non-firm capacity for any other service, contract, or agreement otherwise not specified, and so both of these values will be zero.

Native and Network Load requirements are modeled using the megawatt quantity and other terms which are determined consistent with the OATT and the Transmission Customers' annual Loads and Resources (L&R) submittals. Network service allocations are studied and adjusted annually based upon Transmission Customers' L&R submittals. For the Planning Horizon, network service allocations on posted path(s) are used to represent forecasted annual growth of Native Load and Network Load over the Planning Horizon. The methodology used to determine the capacity set aside for Native and Network

Loads is a spreadsheet analysis. PacifiCorp's system is composed of multiple load and resource "bubbles," which are sections of PacifiCorp service territory with an unconstrained contiguous transmission system. Some bubbles may be as large as a state, such as the Utah bubble (also known as "PACE"). Network reservations were assigned to each network resource located internally to these bubbles. For transmission connections between bubbles, various generation and line contingencies were studied and network capacity allocations were provided for excess generation located in one bubble and needed to serve load in an adjacent bubble. For transmission connections to adjacent control areas into load bubbles network capacity allocations were only allocated for remote network resources or firm purchases which qualify for designation as network resources.

(iii) Incorporation of Point-To-Point Transmission Service Requests

Existing, confirmed requests for Point-to-Point Transmission Service are modeled in the Planning Horizon using the specified megawatt quantity, Point(s) of Receipt, and Point(s) of Delivery.

(iv) Accounting for Rollover Rights

PacifiCorp, in the absence of Transmission Customer notice to terminate rights, assumes that a Transmission Customer will exercise rollover for existing long-term Transmission rights. To account for this assumption, transmission in the amount of the confirmed TSR is set aside. If a Transmission Customer does not exercise its rollover right, that amount may be removed from the ETC.

(v) Process For Ensuring that Non-Firm Capacity is Released Properly

Transmission reservations that are not scheduled will be made available and posted on OASIS as Non-Firm ATC.

Requests for Non-Firm Point-to-Point Transmission Service are made in accordance with section 18.3 of the Tariff. The OASIS system assigns a scheduling AREF (an assignment reference number) for these requests. Non-firm ATC on each posted path is continuously recalculated to include any unscheduled firm ATC for such path and posted on

PacifiCorp's OASIS. PacifiCorp's OASIS system automatically updates ATC on a path as e-Tags are received and approved from both firm and non-firm Transmission Customers. The OASIS adjusts ATC continuously in both the Scheduling and Operating Horizons.

To accommodate the fact that firm rights holders are allowed to adjust schedules in the Operating Horizon, which releases ATC for non-firm use, non-firm Transmission Customers may, during the Scheduling Horizon, purchase capacity up to the path's total TTC. Any non-firm use leading to any over-subscription of non-firm use is curtailed prior to the start of the scheduling hour (no later than 20 minutes to the hour).

(c) Transmission Reliability Margin (TRM)

(i) Definition

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

(ii) Calculation Methodology

TRM is calculated pursuant to the requirements of the currently effective version of NERC Reliability Standard MOD-008 ("TRM Calculation Methodology").

(iii) Databases Used in TRM Assessments

The power flow studies used in PacifiCorp's TTC assessments are based on system base cases developed through the WECC.

(iv) Conditions Under Which TRM Used

Consistent with NERC Reliability Standard MOD-008 Requirement R1.1, TRM may be established by using the following components of uncertainty:

- Aggregate Load forecast.

- Load distribution uncertainty.
- Forecast uncertainty in Transmission system topology (including, but not limited to, forced or unplanned outages and maintenance outages).
- Allowances for parallel path (loop flow) impacts.
- Allowances for simultaneous path interactions.
- Variations in generation dispatch (including, but not limited to, forced or unplanned outages, maintenance outages and location of future generation).
- Short-term System Operator response (Operating Reserve actions).
- Reserve sharing requirements.
- Inertial response and frequency bias.

PacifiCorp uses at least two of the above-listed criteria in its calculation of TRM: 1) allowances for unscheduled flow (loop flow), and 2) simultaneous limitations associated with operation under a nomogram. These are consistent with the WECC criteria used in the calculation of TRM. Such criteria are also consistent with currently-effective NERC Reliability Standard MOD-008, which permits allowances for equivalent criteria, including parallel path impacts (also referred to as loop flow) and simultaneous path interactions. PacifiCorp's TRM calculation methodology does not account for reliability components used to establish TTC.

A) Allowances for unscheduled flow or parallel path impacts (loop flow) are accounted for in TRM as follows:

1) Planning Horizon:

TRM may be assigned in the Planning Horizon when studies show simulated flows that exceed ETC values. TRM is assigned to the maximum flow identified above existing ETC requirements for paths that exhibit this characteristic.

2) Operating Horizon:

TRM may be assigned when actual flows in the Operating Horizon are observed to exceed the maximum ETC on a path without phase shifter control devices, and more than one time in any 4-month period.

Under such circumstances, a TRM value equal to the maximum flow above the ETC up to the path TTC is established and posted.

B) Allowances for simultaneous path interactions (associated with operation under a nomogram) are accounted for in TRM as follows:

1) Planning Horizon:

When a transmission path has a nomogram relationship with another path, the Non-Simultaneous and Simultaneous Transfer Capabilities are first determined from studies using the methods described in 3.a.i above. The difference between the Non-Simultaneous and Simultaneous Transfer Capability is then considered TRM and posted on the impacted path/s.

2) Operating Horizon:

Posted TRM derived in the Planning Horizon is released for non-firm use in the Operating Horizon.

The full list of TRM reserved on posted paths may be found as System Data (ATC information) and can be viewed on the PacifiCorp OASIS.

3) Scheduling Horizon:

Posted TRM derived in the Planning Horizon is released for non-firm use in the Scheduling Horizon.

(d) Capacity Benefit Margin (CBM):

PacifiCorp does not reserve CBM on its own behalf or for other Transmission Customers without a specific request for CBM. PacifiCorp's Capacity Benefit Margin Implementation Document (CBMID) is posted on OASIS as required by currently effective NERC Reliability Standard MOD-004 ("Capacity Benefit Margin").

ATTACHMENT D

Methodology for Completing a System Impact Study

The Transmission Provider will perform studies, when necessary, that assess whether sufficient transfer capacity is available to provide a requested Transmission Service. The Transmission Provider will use the same due diligence in completing the studies for a Transmission Customer as it uses when completing studies for itself. The Transmission Provider will follow Attachment C to this Tariff, WSCC and NERC planning criteria, in addition to company-specific planning criteria. These criteria, along with planning methodologies and data, are on file with FERC, and are updated each year by the WSCC in the FERC Form No. 715, Annual Transmission Planning and Evaluation Report. In determining the level of capacity available for new Transmission Service requests, the Transmission Provider may exclude from capacity to be made available for new Transmission Service requests, that capacity needed to meet current and reasonably forecasted demand of Native Load Customers, Network Customers, customers with existing firm contracts and potential customers having pending Valid Requests for firm transmission under this Tariff.

ATTACHMENT E

Index of Point-to-Point Transmission Service Customers

A list of Point-to-Point Transmission Service Customers and Service Agreements can be found in PacifiCorp's publicly posted Electric Quarterly Report on the FERC website.

ATTACHMENT F

Service Agreement For Network Integration Transmission Service

To be filed by the Transmission Provider and may include but shall not be limited to provisions addressing the following:

1. Term of Transaction
2. Start date and Termination Date
3. Charges and losses
4. Facilities to be Installed

ATTACHMENT G

Network Operating Agreement

To be filed by the Transmission Provider and may include but shall not be limited to provisions addressing the following:

1. Load Shedding,
2. Equipment to be Installed,
3. Transfer of Data, and
4. Other Technical and Operational Considerations for Implementation of Part III of the Tariff.

ATTACHMENT H

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

1. Charges for Network Integration Transmission Service shall be calculated annually using the Transmission Provider's ATRR, which is derived from Formula Rate, set forth in Attachment H-1. The resulting rate is posted on the Transmission Provider's OASIS. The charge for Network Integration Transmission Service shall be updated annually on June 1 of each year in accordance with Attachment H-2. The \$/MW-year charge (designated as the "Network Service Rate" under the Formula Rate), divided by 12, shall be assessed to the Network Customer's Monthly Network Load calculated pursuant to Section 34.2 of the Tariff.
2. The Formula Rate in Attachment H-1 shall be effective until amended by the Transmission Provider or modified by the Commission.
3. Separate charges shall be contained in Service Agreements between the Transmission Provider and the Network Customer, including but not limited to, an annual "Net Plant Carrying Charge" under the Formula Rate. The Net Plant Carrying Charge shall apply to the net distribution plant that is directly-assigned to a customer taking wholesale distribution service over the Transmission Provider's distribution facilities.

ATTACHMENT H-1
PacifiCorp
Appendix A - Formula Rate

Shaded cells are inputs		Notes	Reference (FERC Form 1 reference, attachment, or instruction)	
Allocators				
Wages & Salary Allocation Factor				
1	Transmission Wages Expense		354.21b	0
2	Total Wages Expense		354.28b	0
3	Less A&G Wages Expense		354.27b	0
4	Total Wages Less A&G Wages Expense		(Line 2 - Line 3)	0
5	Wages & Salary Allocator		(Line 1 / Line 4)	0.0000%
Plant Allocation Factors				
6	Electric Plant in Service	(Note M)	Attachment 5	0
7	Accumulated Depreciation (Total Electric Plant)	(Note M)	Attachment 5	0
8	Accumulated Amortization	(Note N)	Attachment 5	0
9	Total Accumulated Depreciation		(Line 7 + 8)	0
10	Net Plant		(Line 6 - Line 9)	0
11	Transmission Gross Plant (excluding Land Held for Future Use)		(Line 24 - Line 23)	0
12	Gross Plant Allocator		(Line 11 / Line 6)	0.0000%
13	Transmission Net Plant (excluding Land Held for Future Use)		(Line 32 - Line 23)	0
14	Net Plant Allocator		(Line 13 / Line 10)	0.0000%
Plant Calculations				
Plant In Service				
15	Transmission Plant In Service	(Note M)	Attachment 5	0
16	New Transmission Plant Additions for Current Calendar Year (weighted by months in service)	(Notes A & P)	Attachment 6	0
17	Total Transmission Plant		(Line 15 + Line 16)	0
18	General Plant	(Note N)	Attachment 5	0
19	Intangible Plant	(Note N)	Attachment 5	0
20	Total General and Intangible Plant		(Line 18 + Line 19)	0
21	Wage & Salary Allocator		(Line 5)	0.0000%
22	General and Intangible Allocated to Transmission		(Line 20 * Line 21)	0
23	Land Held for Future Use	(Notes B & L)	Attachment 5	0
24	Total Plant In Rate Base		(Line 17 + Line 22 + Line 23)	0

ATTACHMENT H-1
PacifiCorp
Appendix A - Formula Rate

Shaded cells are inputs		Notes	Reference (FERC Form 1 reference, attachment, or instruction)	
Accumulated Depreciation and Amortization				
25	Transmission Accumulated Depreciation	(Note M)	Attachment 5	0
26	Accumulated General Depreciation	(Note N)	Attachment 5	0
27	Accumulated Amortization	(Note N)	(Line 8)	0
28	Accumulated General and Intangible Depreciation		(Line 26 + 27)	0
29	Wage & Salary Allocator		(Line 5)	0.0000%
30	Subtotal General and Intangible Accum. Depreciation Allocated to Transmission		(Line 28 * Line 29)	0
31	Total Accumulated Depreciation and Amortization		(Line 25 + Line 30)	0
32	Total Net Property, Plant & Equipment		(Line 24 - Line 31)	0
Adjustments To Rate Base				
Accumulated Deferred Income Taxes				
33	ADIT net of FASB 106 and 109		Attachment 1A	0
CWIP for Incentive Transmission Projects				
34	CWIP Balances for Current Rate Year	(Note O)	Attachment 6	0
ITC Adjustment				
35	IRC 46(f)1 adjustment		Attachment 5	0
Unfunded Reserves				
36	Unfunded Reserves		Attachment 16	0
Prepayments				
37	Prepayments	(Note K & N)	Attachment 11	0
Abandoned Plant				
38	Unamortized Abandoned Plant	(Note O)		0
Materials and Supplies				
39	Undistributed Stores Expense	(Note N)	Attachment 5	0
40	Wage & Salary Allocator		(Line 5)	0.0000%
41	Total Undistributed Stores Expense Allocated to Transmission		(Line 39 * Line 40)	0
42	Construction Materials & Supplies	(Note N)	Attachment 5	0
43	Wage & Salary Allocator		(Line 5)	0.0000%
44	Construction Materials & Supplies Allocated to Transmission		(Line 42 * Line 43)	0
45	Transmission Materials & Supplies	(Note N)	Attachment 5	0
46	Total Materials & Supplies Allocated to Transmission		(Line 41 + Line 44 + Line 45)	0
Cash Working Capital				
47	Operation & Maintenance Expense		(Line 75)	0
48	1/8th Rule	(Note S)	1/8	0.0%
49	Total Cash Working Capital Allocated to Transmission		(Line 47 * Line 48)	0
Network Upgrade Balance				
50	Network Upgrade Balance	(Note N)	Attachment 5	0
51	Total Adjustment to Rate Base		(Lines 33 + 34 + 35 + 36 + 37 + 38 + 46 + 49 + 50)	0
52	Rate Base		(Line 32 + Line 51)	0

ATTACHMENT H-1
PacifiCorp
Appendix A - Formula Rate

Shaded cells are inputs		Notes	Reference (FERC Form 1 reference, attachment, or instruction)	
Operations & Maintenance Expense				
Transmission O&M				
53	Transmission O&M		Attachment 5	0
54	Less: Cost of Providing Ancillary Services Accounts 561.0-5		Attachment 5	0
55	Less: Account 565		Attachment 5	0
56	Transmission O&M		(Lines 53 - 55)	0
Allocated Administrative & General Expenses				
57	Total A&G		323.197b	0
58	Less Actual PBOP Expense Adjustment		Attachment 5	0
59	Less Property Insurance Account 924		323.185b	0
60	Less Regulatory Asset Amortizations Account 930.2		Attachment 5	0
61	Less Regulatory Commission Exp Account 928	(Note D)	323.189b	0
62	Less General Advertising Exp Account 930.1		323.191b	0
63	Less Membership Dues	(Note C)	Attachment 5	0
64	Administrative & General Expenses		(Line 57 - Sum (Lines 58 to 63))	0
65	Wage & Salary Allocator		(Line 5)	0.0000%
66	Administrative & General Expenses Allocated to Transmission		(Line 64 * Line 65)	0
Directly Assigned A&G				
67	Regulatory Commission Exp Account 928	(Note E)	Attachment 5	0
68	General Advertising Exp Account 930.1 - Safety-related Advertising		Attachment 5	0
69	Subtotal - Accounts 928 and 930.1 - Transmission Related		(Line 67 + Line 68)	0
70	Property Insurance Account 924	(Note F)	Attachment 5	0
71	General Advertising Exp Account 930.1 - Education and Outreach		Attachment 5	0
72	Total Accounts 924 and 930.1 - General		(Line 70 + Line 71)	0
73	Gross Plant Allocator		(Line 12)	0.0000%
74	A&G Directly Assigned to Transmission		(Line 72 * Line 73)	0
75	Total Transmission O&M		(Lines 56 + 66 + 69 + 74)	0
Depreciation & Amortization Expense				
Depreciation Expense				
76	Transmission Depreciation Expense Including Amortization of Limited Term Plant	(Note H)	Attachment 5	0
77	General Depreciation Expense Including Amortization of Limited Term Plant	(Note H)	Attachment 5	0
78	Intangible Amortization	(Note H)	Attachment 5	0
79	Total		(Line 77 + Line 78)	0
80	Wage & Salary Allocator		(Line 5)	0.0000%
81	General Depreciation and Intangible Amortization Functionalized to Transmission		(Line 79 * Line 80)	0
82	Abandoned Plant Amortization	(Note O)		0
83	Total Transmission Depreciation & Amortization		(Lines 76 + 81 + 82)	0
Taxes Other Than Income				
84	Taxes Other than Income Taxes		Attachment 2	0
85	Total Taxes Other than Income Taxes		(Line 84)	0

ATTACHMENT H-1
PacifiCorp
Appendix A - Formula Rate

Shaded cells are inputs		Notes	Reference (FERC Form 1 reference, attachment, or instruction)	
Return \ Capitalization Calculations				
Long-Term Debt				
86	Account 221 Bonds		Attachment 14	0
87	Less Account 222 Reaquired Bonds		Attachment 14	0
88	Account 223 Long-term Advances from Associated Cos.		Attachment 14	0
89	Account 224 Other Long-term Debt		Attachment 14	0
90	Gross Proceeds Outstanding Long-term Debt		Sum Lines 86 through 89	0
91	Less Account 226 Unamortized Discount	(Note T)	Attachment 14	0
92	Less Account 181 Unamortized Debt Expense	(Note T)	Attachment 14	0
93	Less Account 189 Unamortized Loss on Reaquired Debt	(Note T)	Attachment 14	0
94	Plus Account 225 Unamortized Premium	(Note T)	Attachment 14	0
95	Plus Account 257 Unamortized Gain on Reaquired Debt	(Note T)	Attachment 14	0
96	Net Proceeds Long Term Debt		Sum Lines 90 through 95	0
Long Term Debt Cost				
97	Accounts 427 and 430 Long Term Interest Expense	(Notes R & T)	Attachment 14	0
98	Less Hedging Expense	(Note R)	Attachment 14	0
99	Account 428 Amortized Debt Discount and Expense	(Note T)	Attachment 14	0
100	Account 428.1 Amortized Loss on Reaquired Debt	(Note T)	Attachment 14	0
101	Less Account 429 Amortized Premium	(Note T)	Attachment 14	0
102	Less Account 429.1 Amortized Gain on Reaquired Debt	(Note T)	Attachment 14	0
103	Total Long Term Debt Cost		Sum Lines 97 through 102	0
Preferred Stock and Dividend				
104	Account 204 Preferred Stock Issued		Attachment 14	0
105	Less Account 217 Reaquired Capital Stock (preferred)		Attachment 14	0
106	Account 207 Premium on Preferred Stock		Attachment 14	0
107	Account 207-208 Other Paid-In Capital (preferred)		Attachment 14	0
108	Less Account 213 Discount on Capital Stock (preferred)		Attachment 14	0
109	Less Account 214 Capital Stock Expense (preferred)		Attachment 14	0
110	Total Preferred Stock		Sum Lines 104 through 109	0
111	Preferred Dividend		Attachment 14 (Enter positive)	0
Common Stock				
112	Proprietary Capital		Attachment 14	0
113	Less: Total Preferred Stock		(Line 110)	0
114	Less: Account 216.1 Unappropriated Undistributed Subsidiary Earnings		Attachment 14	0
115	Less: Account 219		Attachment 14	0
116	Total Common Stock		Sum Lines 112 through 115	0

ATTACHMENT H-1
PacifiCorp
Appendix A - Formula Rate

Shaded cells are inputs		Notes	Reference (FERC Form 1 reference, attachment, or instruction)		
117	Debt percent	Total Long Term Debt	(Notes Q & R)	(Line 90 / (Lines 90 + 110 +116))	0.00%
118	Preferred percent	Preferred Stock		(Line 110 / (Lines 90 + 110 +116))	0.00%
119	Common percent	Common Stock	(Notes Q & R)	(Line 116 / (Lines 90 + 110 +116))	0.00%
<hr/>					
120	Debt Cost	Long Term Debt Cost = Long Term Debt Cost / Net Proceeds Long Term Debt		(Line 103 / Line 96)	0.00%
121	Preferred Cost	Preferred Stock cost = Preferred Dividends / Total Preferred Stock		(Line 111 / Line 110)	0.00%
122	Common Cost	Common Stock	(Note H)	Fixed	0.00%
<hr/>					
123	Weighted Cost of Debt	Total Long Term Debt (WCLTD)		(Line 117 * Line 120)	0.00%
124	Weighted Cost of Preferred	Preferred Stock		(Line 118 * Line 121)	0.00%
125	Weighted Cost of Common	Common Stock		(Line 119 * Line 122)	0.00%
126	Rate of Return on Rate Base (ROR)			(Sum Lines 123 to 125)	0.00%
127	Investment Return = Rate Base * Rate of Return			(Line 52 * Line 126)	0
<hr/>					
Composite Income Taxes					
Income Tax Rates					
128	FIT = Federal Income Tax Rate		(Note G)		0.00%
129	SIT = State Income Tax Rate or Composite		(Note G)	Attachment 5	0.00%
130	p	(percent of federal income tax deductible for state purposes)		Per state tax code	0.00%
131	T	$T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$			0.000%
132	T / (1-T)				0.000%
ITC Adjustment					
133	Amortized Investment Tax Credit - Transmission Related			Attachment 5	0
134	ITC Adjust. Allocated to Trans. - Grossed Up	ITC Adjustment x 1 / (1-T)		Line 133 * (1 / (1 - Line 131))	0
135	Income Tax Component =	$(T/1-T) * Investment Return * (1-(WCLTD/ROR)) =$		[Line 132 * Line 127 * (1- (Line 123 / Line 126))]	0
136	Total Income Taxes			(Line 134 + Line 135)	0

ATTACHMENT H-1
PacifiCorp
Appendix A - Formula Rate

Shaded cells are inputs		Notes	Reference (FERC Form 1 reference, attachment, or instruction)	
Revenue Requirement				
Summary				
137	Net Property, Plant & Equipment		(Line 32)	0
138	Total Adjustment to Rate Base		(Line 51)	0
139	Rate Base		(Line 52)	0
140	Total Transmission O&M		(Line 75)	0
141	Total Transmission Depreciation & Amortization		(Line 83)	0
142	Taxes Other than Income		(Line 85)	0
143	Investment Return		(Line 127)	0
144	Income Taxes		(Line 136)	0
145	Gross Revenue Requirement		(Sum Lines 140 to 144)	0
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities				
146	Transmission Plant In Service		(Line 15)	0
147	Excluded Transmission Facilities	(Note J)	Attachment 15	0
148	Included Transmission Facilities		(Line 146 - Line 147)	0
149	Inclusion Ratio		(Line 148 / Line 146)	0.00%
150	Gross Revenue Requirement		(Line 145)	0
151	Adjusted Gross Revenue Requirement		(Line 149 * Line 150)	0
Revenue Credits				
152	Revenue Credits		Attachment 3	0
153	Net Revenue Requirement		(Line 151 - Line 152)	0
Net Plant Carrying Charge				
154	Gross Revenue Requirement		(Line 150)	0
155	Net Transmission Plant		(Line 17 - Line 25 + Line 34)	0
156	Net Plant Carrying Charge		(Line 154 / Line 155)	0.0000%
157	Net Plant Carrying Charge without Depreciation		(Line 154 - Line 76) / Line 155	0.0000%
158	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes		(Line 154 - Line 76 - Line 127 - Line 136) / Line 155	0.0000%
Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE				
159	Gross Revenue Requirement Less Return and Taxes		(Line 150 - Line 143 - Line 144)	0
160	Increased Return and Taxes		Attachment 4	0
161	Net Revenue Requirement per 100 Basis Point increase in ROE		(Line 159 + Line 160)	0
162	Net Transmission Plant		(Line 17 - Line 25 + Line 34)	0
163	Net Plant Carrying Charge per 100 Basis Point increase in ROE		(Line 161 / Line 162)	0.0000%
164	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation		(Line 161 - Line 76) / Line 162	0.0000%
165	Net Revenue Requirement		(Line 153)	0
166	Facility Credits under Section 30.9 of the OATT		Attachment 5	0
167	Transmission Incentive Credit		Attachment 7	0
168	Interest on Network Upgrade Facilities		Attachment 5	0
169	Net Zonal Revenue Requirement		(Line 165 + 166 + 167 + 168)	0
Network Service Rate				
170	12 CP Monthly Peak (MW)	(Note I)	Attachment 9a or 9b	0
171	Rate (\$/MW-year)		(Line 169 / 170)	0
172	Network Service Rate (\$/MW-year)		(Line 171)	0

ATTACHMENT H-1
PacifiCorp
Appendix A - Formula Rate

Shaded cells are inputs	Notes	Reference (FERC Form 1 reference, attachment, or instruction)	
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Notes

- A Line 16 includes New Transmission Plant to be placed in service in the current calendar year. Projected capital additions will include only the capital costs associated with plant expected to be energized and placed in service (as defined by the Uniform System of Accounts) in that month. The True-Up Adjustment will reflect the actual date the plant was energized and placed in service.
- B Includes Transmission portion only.
- C Annual membership dues (e.g., for EPRI, NEETRAC, SEPA and NCTA) are excluded from the calculation of the ATRR and charges under the Formula Rate and are subtracted from Total A&G. Total A&G does not include lobbying expenses.
- D Includes all Regulatory Commission Expenses.
- E Includes Regulatory Commission Expenses directly related to transmission service.
- F Property Insurance excludes prior period adjustment in the first year of the formula's operation and reconciliation for the first year.
- G The calculation of the Reconciliation revenue requirement according to Step 7 of Attachment 6 ("Estimate and Reconciliation Worksheet") shall reflect the actual tax rates in effect for the Rate Year, as defined in Attachment H-2, being reconciled ("Test Year"). When statutory marginal tax rates change during such Test Year, the effective tax rates used in the formula shall be weighted by the number of days each such rate was in effect. For example, a 35% rate in effect for 120 days superseded by a 40% rate in effect for the remainder of the year will be calculated as: $((.3500 \times 120) + (.4000 \times 245))/365 = .3836$.
- H No change in ROE will be made absent a filing at FERC.
 PBOP expense is fixed until changed as the result of a filing at FERC.
 Depreciation rates shown in Attachment 8 are fixed until changed as the result of a filing at FERC.
- I The 12 CP monthly peak is the average of the 12 monthly system peaks calculated as the Network customers Monthly Network Load (Section 34.2 of the OATT) plus the reserve capacity of all long term firm point-to-point customers.
- J Amount of transmission plant excluded from rates per Attachment 15.
- K Adjustment reflects exclusion of tax receivables due to 2008 NOLs, which resulted in MidAmerican Energy Holdings Company delivering refund to PacifiCorp.
- L Any gain from the sale of land included in Land Held for Future Use in the Formula Rate received during the Rate Year, as defined in Attachment H-2, shall be used to reduce the ATRR in the Rate Year. The Formula Rate shall not include any losses on sales of such land.
- M The Update uses end of year balances and the True-up uses 13 monthly averages shown on Attachment 5.
- N The Update uses end of year balances and the True-up uses the average of beginning of year and end of year balances shown on Attachments.
- O Placeholder that is zero until PacifiCorp receives authorization by FERC to include amounts.
- P Projected capital additions will include only the capital costs associated with plant expected to be energized and placed in service (as defined by the Uniform System of Accounts) in that month. The True-Up Adjustment will reflect the actual date the plant was energized and placed in service.
- Q The equity ratio is capped at 53%, and if the actual equity ratio exceeds 53%, then the debt ratio will be equal to 1 minus the preferred stock ratio minus 53%.
- R PacifiCorp will include only the gains and losses on interest rate locks for new debt issuances. Attachment 14 – Cost of Capital Detail will list the unamortized balance and annual amortization for all gains and losses on hedges.
- S PacifiCorp shall use FERC's 1/8th method for cash working capital subject to the following limitations:
 (a) PacifiCorp shall be required to file a lead-lag study justifying the appropriate cash working capital allowance to be effective, subject to refund, as of June 1, 2014; provided, however, that if PacifiCorp does not file a study in the time required, the amount of cash working capital allowance includable in the calculation of the ATRR under the Formula shall be zero dollars (\$0.00) as of June 1, 2014, and shall remain at zero until such time as the Commission, in response to a PacifiCorp filing of a lead-lag study, authorizes a cash working capital allowance;
 (b) PacifiCorp shall provide a draft to the other Parties of any such lead-lag study at least sixty (60) days prior to making any filing described in (a) with the Commission; and
 (c) Filing of the lead-lag study in (a) above, but not any subsequent filing affecting or relating to PacifiCorp's cash working capital allowance as permitted in subsection (a) above, may be a single issue FPA Section 205 filing.
- T These line items will include only the balances associated with long-term debt and shall exclude balances associated with short-term debt.

PacifiCorp
Appendix B - Schedule 1: Scheduling, System Control and Dispatch Service

Calculated from historical data--no true-up

Line	Description	FERC Form 1 page # / Reference	Amount
1	(561.1) Load Dispatch-Reliability	pg. 321.85b	
2	(561.2) Load Dispatch-Monitor and Operate Transmission System	pg. 321.86b	
3	(561.3) Load Dispatch-Transmission Service and Scheduling	pg. 321.87b	
4	(561.4) Scheduling, System Control and Dispatch Services	pg. 321.88b	
5	(561.5) Reliability, Planning and Standards Development	pg. 321.89b	
6	Total 561 Costs for Schedule 1 Annual Revenue Requirement	(Sum Lines 1 through 5)	0
7	Schedule 1 Annual Revenue Requirement	(Line 6)	0
<u>Schedule 1 - Rate Calculations</u>			
8	Average 12-Month Demand - Current Year (kW)	Divisor	
9	Rate in \$/kW - Yearly	(Line 7 / Line 8)	0.000000
10	Rate in \$/kW - Monthly	((Line 7 / Line 8) / 12)	0.000000
11	Rate in \$/kW - Weekly	((Line 7 / Line 8) / 52)	0.000000
12	Rate in \$/kW - Daily On-Peak	(Line 11 / 5)	0.000000
13	Rate in \$/kW - Daily Off-Peak	(Line 11 / 7)	0.000000
14	Rate in \$/MW - Hourly On-Peak	((Line 12 / 16) * 1000)	0.00
15	Rate in \$/MW - Hourly Off-Peak	((Line 13 / 24) * 1000)	0.00

PacifiCorp
OATT Transmission Rate Formula Template Using Form 1 Data
Summary of Rates

Line	Description	Reference	Amount
1	Adjusted Gross Revenue Requirement	Appendix A, Line 151	\$0
	Revenue Credits:		
2	Acct 454 - Allocable to Transmission	Attachment 3, Line 6	\$0
3	Acct 456 - Allocable to Transmission	Attachment 3, Line 12	\$0
4	Total Revenue Credits	Line 2 + Line 3	\$0
5	Interest on Network Upgrades	Attachment 5	\$0
6	Transmission Incentive Credit	Attachment 7	\$0
7	Annual Transmission Revenue Requirement	Line 1 - Line 4 + Line 5 + Line 6	\$0
8	Divisor - 12 Month Average Transmission Peak (MW)	Appendix A, Line 170	0
	Rates:		
9	Transmission Rate (\$/kW-year)	Line 7 / Line 8 / 1000	\$0.000000
10	Transmission Rate (\$/kW-month)	Line 9 / 12 months	\$0.000000
11	Weekly Firm/Non-Firm Rate (\$/kW-week)	Line 9 / 52 weeks	\$0.000000
	Daily Firm/Non-Firm Rates:		
12	On-Peak Days (\$/kW)	Line 11 / 5 days	\$0.000000
13	Off-Peak Days (\$/kW)	Line 11 / 7 days	\$0.000000
	Non-Firm Hourly Rates:		
14	On-Peak Hours (\$/MWh)	Line 12 / 16 hours * 1000	\$0.00
15	Off-Peak Hours (\$/MWh)	Line 13 / 24 hours * 1000	\$0.00

PacifiCorp
 Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet
 Beginning of Current Year

Line	Description (A)	Reference (B)	Transmission related (C)	Plant related (D)	Labor related (E)	Total Transmission ADIT (F)
1	ADIT- 282	Sch. 282 Below	0	0	0	
2	ADIT-281	Sch. 281 Below	0	0	0	
3	ADIT-283	Sch. 283 Below	0	0	0	
4	ADIT-190	Sch. 190 Below	0	0	0	
5	Subtotal ADIT	Sum (Lines 1 to 4)	0	0	0	
6	Allocator (100% Transmission; Net Plant; Wages & Salary)	Appendix A	100.0000%	0.0000%	0.0000%	
7	Sub-total Transmission Related ADIT	Line 5 * Allocator	0	0	0	
8	Total Transmission ADIT	Sum Cols. (C), (D), (E)				0 Attachment 1a input

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately.

A	B	C	D	E	F	G
Schedule ADIT-190	Total	Gas, Prod, Dist Or Other Related	Transmission Related	Plant Related	Labor Related	Justification
Account 190						
Subtotal - p234	0	0	0	0	0	
Less FASB 109 Above if not separately removed						
Less FASB 106 Above if not separately removed						
Total	0	0	0	0	0	

Instructions for Account 190:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.

PacifiCorp

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

A	B	C	D	E	F	G
Schedule ADIT-281	Total	Gas, Prod, Dist Or Other Related	Transmission Related	Plant Related	Labor Related	Justification
Account 281						
Subtotal - p273	0	0	0	0	0	
Less FASB 109 Above if not separately removed						
Less FASB 106 Above if not separately removed						
Total	0	0	0	0	0	

Instructions for Account 281:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.

PacifiCorp

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

A	B	C	D	E	F	G
Schedule ADIT-282	Total	Gas, Prod, Dist Or Other Related	Transmission Related	Plant Related	Labor Related	Justification
Account 282						
Subtotal - p275	0	0	0	0	0	
Less FASB 109 Above if not separately removed						
Less FASB 106 Above if not separately removed						
Total	0	0	0	0	0	

Instructions for Account 282:
 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
 2. ADIT items related only to Transmission are directly assigned to Column D
 3. ADIT items related to Plant and not in Columns C & D are included in Column E
 4. ADIT items related to labor and not in Columns C & D are included in Column F
 5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.

A

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

A	B	C	D	E	F	G
Schedule ADIT-283	Total	Gas, Prod, Dist Or Other Related	Transmission Related	Plant Related	Labor Related	Justification
Account 283						
Subtotal - p277	0	0	0	0	0	
Less FASB 109 Above if not separately removed						
Less FASB 106 Above if not separately removed						
Total	0	0	0	0	0	

Instructions for Account 283:
 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
 2. ADIT items related only to Transmission are directly assigned to Column D
 3. ADIT items related to Plant and not in Columns C & D are included in Column E
 4. ADIT items related to labor and not in Columns C & D are included in Column F
 5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.

PacifiCorp
Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet
 End of Current Year for Projection and Average of Beginning and End of Current Year for True-up

Line	Description (A)	Reference (B)	Total Company	Gas, Prod., Dist., or Other	Transmission Related (C)	Plant Related (D)	Labor Related (E)	Total Transmission ADIT (F)
1	ADIT-282	Sch. 282 Below	0	0	0	0	0	0
2	ADIT-281	Sch. 281 Below	0	0	0	0	0	0
3	ADIT-283	Sch. 283 Below	0	0	0	0	0	0
4	ADIT-190	Sch. 190 Below	0	0	0	0	0	0
5	Subtotal ADIT	Sum (Lines 1 to 4)	0	0	0	0	0	0
6	Allocator (100% Transmission; Net Plant; Wages & Salary)	Appendix A			100.0000%	0.0000%	0.0000%	
7	Sub-total Transmission Related ADIT	Line 5 * Allocator			0	0	0	
8	Total End of Year Transmission ADIT	Sum Cols. (C), (D), (E)						0
9	Beginning of Year Total (Attachment 1)				0	0	0	0
10	Appendix A, line 33 input	Line 8 for Projection and average of Lines 8 & 9 for True-Up						0

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately.

Schedule ADIT-190

Description	Form 1 Reference	Total Company	Gas, Prod., Dist Or Other Related	Transmission Related	Plant Related	Labor Related	Justification
Account 190							
Rounding							
Subtotal - p234		0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total		0	0	0	0	0	

Instructions for Account 190:
 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
 2. ADIT items related only to Transmission are directly assigned to Column D
 3. ADIT items related to Plant and not in Columns C & D are included in Column E
 4. ADIT items related to labor and not in Columns C & D are included in Column F
 5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the

PacifiCorp

Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet
 Schedule ADIT-281

Description	Form 1 Reference	Total	Gas, Prod., Dist Or Other Related	Transmission Related	Plant Related	Labor Related	Justification
Account 281							
Rounding							
Subtotal - p273		0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total		0	0	0	0	0	

Instructions for Account 281:
 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
 2. ADIT items related only to Transmission are directly assigned to Column D
 3. ADIT items related to Plant and not in Columns C & D are included in Column E
 4. ADIT items related to labor and not in Columns C & D are included in Column F
 5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the

Description	A	B	C	D	E	F	G
PacifiCorp	Form 1 Reference	Total Company	Gas, Prod, Dist Or Other Related	Transmission Related	Plant Related	Labor Related	Justification

Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet

Schedule ADIT-282

Account 282	A	B	C	D	E	F	G
	Total	Gas, Prod, Dist Or Other Related	Transmission Related	Plant Related	Labor Related	Labor Related	Justification
Rounding							
Subtotal - p275	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total	0	0	0	0	0	0	

Instructions for Account 282:
 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
 2. ADIT items related only to Transmission are directly assigned to Column D
 3. ADIT items related to Plant and not in Columns C & D are included in Column E
 4. ADIT items related to labor and not in Columns C & D are included in Column F
 5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the

PacifiCorp

Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet

Schedule ADIT-283

Account 283	A	B	C	D	E	F	G
	Total	Gas, Prod, Dist Or Other Related	Transmission Related	Plant Related	Labor Related	Labor Related	Justification
Rounding							
Subtotal - p277	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total	0	0	0	0	0	0	

Instructions for Account 283:
 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
 2. ADIT items related only to Transmission are directly assigned to Column D
 3. ADIT items related to Plant and not in Columns C & D are included in Column E
 4. ADIT items related to labor and not in Columns C & D are included in Column F
 5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the

PacifiCorp
Attachment 2 - Taxes Other Than Income Worksheet

Other Taxes	Page 263, Col (i)	Allocator	Allocated Amount
Plant Related		Net Plant Allocator	
1 Total Plant Related	0	0.0000%	0
Labor Related		Wages & Salary Allocator	
2 Total Labor Related	0	0.0000%	0
Other Included		Net Plant Allocator	
3 Total Other Included	0	0.0000%	0
4 Appendix A input: Total Included Taxes (Lines 1 + 2 + 3)	0		0
Currently Excluded			
5 Subtotal Excluded Taxes	0		
6 Total Other Taxes Included and Excluded (Line 4 + Line 5)	<u>0</u>		
7 Total Other Taxes			
114.14c			
8 Difference (Line 6 - Line 7)	0		

Criteria for Allocation:

- A Other taxes that are incurred through ownership of plant, including transmission plant, will be allocated based on the Net Plant Allocator. If the taxes are 100% recovered at retail, they shall not be included.
- B Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail, they shall not be included.
- C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator.
- D Other taxes, except as provided for in A, B and C above, which are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service, will be allocated based on the Net Plant Allocator; provided, however, that overheads shall be treated, as described in footnote B above.
- E Excludes prior period adjustments in the first year of the formula's operation and reconciliation for the first year.

**PacifiCorp
 Attachment 3 - Revenue Credit Worksheet**

Line	Description	Notes	Reference	Value
Account 454 - Rent from Electric Property				
1	Rent from Electric Property - Transmission Related			0
2	Pole Attachments - Transmission Related			
3	Distribution Underbuild - Transmission Related		<i>detail below</i>	
4	Various Rents - Transmission Related			
5	Miscellaneous General Revenues		<i>detail below</i>	
6	Account 454 subtotal		(Sum Lines 1-5)	0
Account 456 - Other Electric Revenues (Note 1)				
7	Transmission for Others	Note 3	Attachment 13	0
8	Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor	Note 3		
9	Short-term firm and non-firm service revenues for which the load is not included in the divisor received by Transmission Owner		Attachment 13	0
10	Facilities Charges including Interconnection Agreements	Note 2		
11	Transmission maintenance revenue		Account 456.2	
12	Account 456 subtotal		(Sum Lines 7-11)	0
13	Appendix A input: Gross Revenue Credits		(Sum Lines 6 & 12)	0

Detail for selected items above

Miscellaneous General Revenues

Total Miscellaneous General Revenue	0
Wages & Salary Allocator	0.00%
Total Allocated Miscellaneous General Revenue	0

Distribution Underbuild

Common pole location fixed annual revenue credit	fixed	0
Distribution Underbuild - Transmission related		0

Notes

Note 1 All revenues related to transmission that are received as a transmission owner (i.e., not received as a LSE), for which the cost of the service is recovered under this formula, except as specifically provided for elsewhere in this Attachment or elsewhere in the formula, will be included as a revenue credit or included in the peak on line 170 of Appendix A.

Note 2 If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.

Note 3 If the facilities associated with the revenues are not included in the formula, the revenue is shown here, but not included in the total above and explained in the Cost Support, (e.g., revenues associated with distribution facilities).

PacifiCorp
Attachment 4 - Calculation of 100 Basis Point Increase in ROE

A	Return and Taxes with 100 Basis Point increase in ROE		
B	100 Basis Point increase in ROE and Income Taxes	Appendix A input: Line 127 + Line 137 from below	0
	100 Basis Point increase in ROE	1.00%	

Return Calculation

			Notes	Reference (Appendix A Line or Source)	
117	Debt percent	Total Long Term Debt	(Notes Q & R)	(Line 90 / (Lines 90 + 110 +116))	0.00%
118	Preferred percent	Preferred Stock		(Line 110 / (Lines 90 + 110 +116))	0.00%
119	Common percent	Common Stock	(Notes Q & R)	(Line 116 / (Lines 90 + 110 +116))	0.00%
120	Debt Cost	Long Term Debt Cost = Long Term Debt Cost / Net Proceeds Long Term Debt		(Line 103 / Line 96)	0.00%
121	Preferred Cost	Preferred Stock cost = Preferred Dividends / Total Preferred Stock		(Line 111 / Line 110)	0.00%
122	Common Cost	Common Stock	(Note H)	Fixed plus 100 basis points	1.00%
123	Weighted Cost of Debt	Total Long Term Debt (WCLTD)		(Line 117 * Line 120)	0.00%
124	Weighted Cost of Preferred	Preferred Stock		(Line 118 * Line 121)	0.00%
125	Weighted Cost of Common	Common Stock		(Line 119 * Line 122)	0.00%
126	Rate of Return on Rate Base (ROR)			(Sum Lines 123 to 125)	0.00%
127	Investment Return = Rate Base * Rate of Return			(Line 52 * Line 126)	0

Composite Income Taxes

Income Tax Rates					
128	FIT = Federal Income Tax Rate				0.00%
129	SIT = State Income Tax Rate or Composite				0.00%
130	p = percent of federal income tax deductible for state purposes			Per state tax code	0.00%
131	T	$T = 1 - \frac{((1 - SIT) * (1 - FIT))}{(1 - SIT * FIT * p)}$			0.00%
132	CIT = T / (1-T)				0.00%
133	1 / (1-T)				100.00%
ITC Adjustment					
134	Amortized Investment Tax Credit			Attachment 5	0
135	ITC Adjust. Allocated to Trans. - Grossed Up			(Line 134 * (1 / (1 - Line 131)))	0
136	Income Tax Component =	$CIT = (T/1-T) * Investment Return * (1-(WCLTD/R)) =$			0
137	Total Income Taxes				0

PacifiCorp
 Attachment 5 - Cost Support

Plant in Service Worksheet

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions					Detail/notes
Calculation of Transmission Plant In Service					
1	December	Source	Footnotes	Year	Balance
2	January	206.58b			
3	February	Monthly Balances			
4	March	Monthly Balances			
5	April	Monthly Balances			
6	May	Monthly Balances			
7	June	Monthly Balances			
8	July	Monthly Balances			
9	August	Monthly Balances			
10	September	Monthly Balances			
11	October	Monthly Balances			
12	November	Monthly Balances			
13	December	207.58g			
15 14	Transmission Plant In Service	(line 13) or ((sum lines 1-13) /13)	(Note M)		0
Calculation of Distribution Plant In Service					
15	December	Source		Year	Balance
16	January	206.75b			
17	February	Monthly Balances			
18	March	Monthly Balances			
19	April	Monthly Balances			
20	May	Monthly Balances			
21	June	Monthly Balances			
22	July	Monthly Balances			
23	August	Monthly Balances			
24	September	Monthly Balances			
25	October	Monthly Balances			
26	November	Monthly Balances			
27	December	207.75g			
28	Distribution Plant In Service	(line 27) or ((sum lines 15-27) /13)			0
Calculation of Intangible Plant In Service					
29	December	Source		Year	Balance
30	December	204.5b			
30	December	205.5g			
19 31	Intangible Plant In Service	(line 30) or ((sum lines 29 & 30) /2)	(Note N)		0
Calculation of General Plant In Service					
32	December	Source		Year	Balance
33	December	206.99b			
33	December	207.99g			
18 34	General Plant In Service	(line 33) or ((sum lines 32 & 33) /2)	(Note N)		0
Calculation of Production Plant In Service					
35	December	Source		Year	Balance
36	January	204.46b			
37	February	Monthly Balances			
38	March	Monthly Balances			
39	April	Monthly Balances			
40	May	Monthly Balances			
41	March	Monthly Balances			
42	April	Monthly Balances			
43	August	Monthly Balances			
44	September	Monthly Balances			
45	October	Monthly Balances			
46	November	Monthly Balances			
47	December	205.46g			
48	Production Plant In Service	(line 47) or ((sum lines 35-47) /13)			0
49	Electric Plant Sold	207.102g			0
6 50	Total Plant In Service	(sum lines 14, 28, 31, 34, 48, & 49)	(Note M)		0

PacifiCorp
 Attachment 5 - Cost Support

Accumulated Depreciation Worksheet

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Notes		
Calculation of Transmission Accumulated Depreciation		Source	Year	Balance		
51	December	Prior year 219.25c				
52	January	Monthly Balances				
53	February	Monthly Balances				
54	March	Monthly Balances				
55	April	Monthly Balances				
56	May	Monthly Balances				
57	June	Monthly Balances				
58	July	Monthly Balances				
59	August	Monthly Balances				
60	September	Monthly Balances				
61	October	Monthly Balances				
62	November	Monthly Balances				
63	December	219.25c				
25	64	Transmission Accumulated Depreciation	(line 63) or ((sum lines 51-63) /13)	(Note M)	0	Appendix A input
Calculation of Distribution Accumulated Depreciation		Source	Year	Balance		
65	December	Prior year 219.26c				
66	January	Monthly Balances				
67	February	Monthly Balances				
68	March	Monthly Balances				
69	April	Monthly Balances				
70	May	Monthly Balances				
71	June	Monthly Balances				
72	July	Monthly Balances				
73	August	Monthly Balances				
74	September	Monthly Balances				
75	October	Monthly Balances				
76	November	Monthly Balances				
77	December	219.26c				
78	78	Distribution Accumulated Depreciation	(line 77) or ((sum lines 65-77) /13)		0	
Calculation of Intangible Accumulated Depreciation		Source	Year	Balance		
79	December	Prior year 200.21c				
80	December	200.21c			0	
8	81	Accumulated Intangible Depreciation	(line 80) or ((sum lines 79 & 80) /2)	(Note N)	0	Appendix A input
Calculation of General Accumulated Depreciation		Source	Year	Balance		
82	December	Prior year 219.28c				
83	December	219.28c				
26	84	Accumulated General Depreciation	(line 83) or ((sum lines 82 & 83) /2)	(Note N)	0	Appendix A input
Calculation of Production Accumulated Depreciation		Source	Year	Balance		
85	December	Prior year 219.20 through 219.24				
86	January	Monthly Balances				
87	February	Monthly Balances				
88	March	Monthly Balances				
89	April	Monthly Balances				
90	May	Monthly Balances				
91	June	Monthly Balances				
92	July	Monthly Balances				
93	August	Monthly Balances				
94	September	Monthly Balances				
95	October	Monthly Balances				
96	November	Monthly Balances				
97	December	219.20 through 219.24				
98	98	Production Accumulated Depreciation	(line 97) or ((sum lines 85-97) /13)		0	
7	99	Accumulated Depreciation (Total Electric Plant)	(sum lines 64, 78, 84, & 98)	(Note M)	0	Appendix A input
100	100	Total Accumulated Depreciation	(sum lines 64, 78, 81, 84, & 98)		0	

PacifiCorp
 Attachment 5 - Cost Support

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Form No. 1 Amount
39	Undistributed Stores Expense (Note N)	Prior Year	227.16c	0
		Current Year	227.16c	0
		Appendix A input		0 current end-of-year balance or beg-of-year and end-of-year average
42	Construction Materials & Supplies (Note N)	Prior Year	227.5c	0
		Current Year	227.5c	0
		Appendix A input		0 current end-of-year balance or beg-of-year and end-of-year average
45	Transmission Materials & Supplies (Note N)	Prior Year	227.8c	0
		Current Year	227.8c	0
		Appendix A input		0 current end-of-year balance or beg-of-year and end-of-year average

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Form No. 1 Amount	Transmission related portion	Appendix A input	Details
133	Amortized Investment Tax Credit Utility Investment Tax Credit Adj. - Net (411.4)		114.19c	0	Net Plant Allocator 0.00%	0	
35	Rate Base Adjustment Internal Revenue Code (IRC) 46(f)(1) adjustment to rate base	Current beg of year balance	266.6b	0			
		Current end of year balance	266.6h	0			
		Average		0	0.00%	0	(enter negative in Appendix A)

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Form No. 1 Amount	Transmission Related	Non-transmission Related	Details
23	Land Held for Future Use (Notes B & L)	Prior Year	214.47d	0	0	0	Detail for transmission-related value on Attachment 12
		Current Year	214.47d	0	0	0	Detail for transmission-related value on Attachment 12
		Appendix A input			0		current end-of-year bal or beg-of-year and end-of-year avg

PacifiCorp
 Attachment 5 - Cost Support

Adjustments to A & G Expense

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Adjusted Total	Details
	Excluded Membership Dues Expense			0	
				0	
				0	
63	Total	(Note C)	Appendix A Input	0	
	PBOP				
	Fixed PBOP expense		FERC Authorized Attachment 17	0	
58	Actual PBOP expense		Appendix A Input	0	Authorized minus Att 17 = Current year actual PBOP expense
	Adjusted total (Current year actual)			0	
	Property Insurance				
	Property Insurance Account 924		323.185b	0	
70	Total	(Note F)	Appendix A Input	0	

Regulatory Expense Related to Transmission Cost Support

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Form No. 1 Amount	Transmission Related Appendix A input	Non-transmission Related	Details
Directly Assigned A&G							
Specific Transmission related Regulatory Expenses							
Federal Energy Regulatory Commission:							
	Annual Fee		350.30d	0			
	Annual Land Use Fee (hydro)		350.31d	0			
	Transmission Rate Case		350.32d	0			
67	Total		sum	0	0	0	

PacifiCorp
 Attachment 5 - Cost Support

Safety Related Advertising Cost Support

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions		Form No. 1 Amount	Safety Related Appendix A Input	Non-safety Related	Details
Directly Assigned A&G					
68	General Advertising Exp Account 930.1 - Safety-related Advertising	323.191b	0	0	0 Based on FERC 930.1 download

Education and Out Reach Cost Support

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions		Form No. 1 Amount	Education & Outreach Appendix A Input	Other	Details
Directly Assigned A&G					
71	General Advertising Exp Account 930.1 - Education and Outreach	323.191b	0	0	0 Based on FERC 930.1 download

Multistate worksheet

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions		Details	
Income Tax Rates			
129	SIT = State Income Tax Rate or Composite (Note G)	0.00%	Enter Average State Income Tax Rate

Adjustments to Transmission O&M

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions		Total	Plus adjustments	Transmission Related Appendix A input	Details
53	Transmission O&M	321.112b	0	0	
	Adjustment for Ancillary Services Accounts 561-561.5				
	(561) Load Dispatching	321.84b	0		
	(561.1) Load Dispatch-Reliability	321.85b	0		
	(561.2) Load Dispatch-Monitor and Operate Transmission System	321.86b	0		
	(561.3) Load Dispatch-Transmission Service and Scheduling	321.87b	0		
	(561.4) Scheduling, System Control and Dispatch Services	321.88b	0		
	(561.5) Reliability, Planning and Standards Development	321.89b	0		
54	Less: Cost of Providing Ancillary Services Accounts 561.0-5	sum	0	0	Adjustment for Ancillary Services Accounts 561-561.5
55	Less: Account 565		0	0	

Facility Credits under Section 30.9 of the OATT

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Amount	Description & Documentation
Net Revenue Requirement			
166	Facility Credits under Section 30.9 of the OATT	0	Appendix A Input
168	Interest on Network Upgrade Facilities	0	Appendix A Input

Other adjustments to rate base

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions		Amount	
Network Upgrade Balance			
		Prior Year	Enter negative
		Current Year	Enter negative
50	Network Upgrade Balance (Note N)	Appendix A input	0 current end-of-year balance or beg-of-year and end-of-year average

PacifiCorp
 Attachment 5 - Cost Support

Depreciation Expense

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Total
Transmission Plant				
	Depreciation expense (403)	(Note H)	336.7b	0
	Amortization of limited term electric plant (404)	(Note H)	336.7d	0
76	Transmission Depreciation Expense Including Amortization of Limited Term Plant	(Note H)	sum	0 Appendix A Input
General Plant				
	Depreciation expense (403)	(Note H)	336.10b	0
	Amortization of limited term electric plant (404)	(Note H)	336.10d	0
77	General Depreciation Expense Including Amortization of Limited Term Plant	(Note H)	sum	0 Appendix A Input
Intangible plant				
	Amortization of limited term electric plant (404)	(Note H)	336.1d	0
	Amortization of other electric plant (405)	(Note H)	336.1e	0
78	Total Intangible Amortization	(Note H)	sum	0 Appendix A Input

Less Regulatory Asset Amortizations Account 930.2

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Amount
61	Total		sum	0 Appendix A Input

PacifiCorp
 Attachment 6 - Estimate and Reconciliation Worksheet

Step	Month	Year	Action
1	April	Year 2	TO populates the formula with Year 1 data from FERC Form No. 1 data for Year 1 (e.g., 2010)
2	April	Year 2	TO estimates all transmission Cap Adds and CWIP for Year 2 weighted based on Months expected to be in service in Year 2 (e.g., 2011)
3	April	Year 2	TO adds weighted Cap Adds to plant in service in Formula
4	May	Year 2	Post results of Step 3
5	June	Year 2	Results of Step 3 go into effect for the Rate Year 1 (e.g., June 1, 2011 - May 31, 2012)
6	April	Year 3	TO populates the formula with Year 2 data from FERC Form No. 1 for Year 2 (e.g., 2011)
7	April	Year 3	Reconciliation - actual data
8	April	Year 3	TO estimates Cap Adds and CWIP during Year 3 weighted based on Months expected to be in service in Year 3 (e.g., 2012)

Step	Month	Year	Action
1	April	Year 2	TO populates the formula with Year 1 data from FERC Form No. 1 data for Year 1 (e.g., 2010) \$ - Rev Req based on Year 1 data Must run Appendix A to get this number (without inputs in lines 16 or 34 of Appendix A)
2	April	Year 2	TO estimates all transmission Cap Adds and CWIP for Year 2 weighted based on Months expected to be in service in Year 2 (e.g., 2011) in projection and populates for actuals as inputs to Attachment 7 (but not Appendix A) for true up.

	Plant In Service										CWIP	(L)	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)			(K)
	Monthly Additions Other Transmission PIS (EXCLUDING GATEWAY)	Monthly Additions Energy Gateway	Monthly Additions Energy Gateway Segment B	Monthly Additions Energy Gateway Segment C	Monthly Additions Energy Gateway Segment D	Monthly Additions Energy Gateway Segment E	Monthly Additions Energy Gateway Segment F	Monthly Additions Energy Gateway Segment G	Monthly Additions Energy Gateway Segment H	Monthly Additions Energy Gateway Segment I	Monthly Additions Energy Gateway Total (Segments B-I)	Monthly Additions Transmission CWIP (Gateway only)	Weighting
CWIP Balance Dec (prior year)	-	-	-	-	-	-	-	-	-	-	-	-	13
Jan	-	-	-	-	-	-	-	-	-	-	-	-	12
Feb	-	-	-	-	-	-	-	-	-	-	-	-	11
Mar	-	-	-	-	-	-	-	-	-	-	-	-	10
Apr	-	-	-	-	-	-	-	-	-	-	-	-	9
May	-	-	-	-	-	-	-	-	-	-	-	-	8
Jun	-	-	-	-	-	-	-	-	-	-	-	-	7
Jul	-	-	-	-	-	-	-	-	-	-	-	-	6
Aug	-	-	-	-	-	-	-	-	-	-	-	-	5
Sep	-	-	-	-	-	-	-	-	-	-	-	-	4
Oct	-	-	-	-	-	-	-	-	-	-	-	-	3
Nov	-	-	-	-	-	-	-	-	-	-	-	-	2
Dec	-	-	-	-	-	-	-	-	-	-	-	-	1
Total	-	-	-	-	-	-	-	-	-	-	-	-	-

(L)	Plant In Service				CWIP		(S)
	(M)	(N)	(O)	(P)	(Q)	(R)	
	Other Transmission PIS Amount (A x L)	Energy Gateway Amount (J x L)	Other Transmission PIS (M / 13)	Energy Gateway (N / 13)	Transmission CWIP Amount (K x L)	Transmission CWIP (O / 13)	Input/Total
13	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-

Step	Month	Year	Action
3	April	Year 2	TO adds weighted Cap Adds to plant in service in Formula \$ - Must run Appendix A to get this number (with inputs in lines 16 and 34 of Appendix A)
4	May	Year 2	Post results of Step 3 \$ - Must run Appendix A to get this number (with inputs in lines 16 and 34 of Appendix A)
5	June	Year 2	Results of Step 3 go into effect for the Rate Year 1 (e.g., June 1, 2011 - May 31, 2012) \$ -
6	April	Year 3	TO populates the formula with Year 2 data from FERC Form No. 1 for Year 2 (e.g., 2011) \$ - Rev Req based on Prior Year data Must run Appendix A to get this number (without inputs in lines 16 or 34 of Appendix A)
7	April	Year 3	Reconciliation - actual data \$ - Result of Formula for Reconciliation Must run Appendix A to get this number (with inputs in lines 16 and 34 of Appendix A) \$ - Schedule 1 Reconciliation

Input to Line 16 of Appendix A
 Input to Line 34 of Appendix A

-
-

Estimated Life	
Estimated Depreciation for Attachment 7	
Jan	11.5
Feb	10.5
Mar	9.5
Apr	8.5
May	7.5
Jun	6.5
Jul	5.5
Aug	4.5
Sep	3.5
Oct	2.5
Nov	1.5
Dec	0.5
Total Estimated Depreciation for Attachment 7	-

PacifiCorp
 Attachment 7 - Transmission Enhancement Charge Worksheet

Line 1	New Plant Carrying Charge			
2	Fixed Charge Rate (FCR) if not Contributions in Aid of Construction (CIAC)			
3	A	Formula Line	Net Plant Carrying Charge without Depreciation	0.0000%
4	B	164	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation	0.0000%
5	C		Line B less Line A	0.0000%
6	FCR if CIAC			
7	D	158	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	0.0000%

The FCR resulting from Formula in a given year is used for that year only.
 Therefore actual revenues collected in a year do not change based on cost data for subsequent years
 In the True-up, the actual depreciation expense will be used.

Columns and rows may be added to accommodate more projects

Line	Useful life of the project *Yes* if the customer has paid a lumpsum payment in the amount of the investment on line 29, Otherwise *No*	CIAC (Yes or No)	Transmission CWP (Energy Gateway only)			Transmission PIS Projection (Energy Gateway Segment B-H)			Transmission PIS Actuals (Energy Gateway Segment B-H)			Total	Incentive Charged Without Incentive	Transmission Incentive Credit (incentive minus without)	
			Invest Yr	13 Month Net Plant or CWIP Balance	Depreciation	Revenue	13 Month Net Plant or CWIP Balance	Depreciation	Revenue	13 Month Net Plant or CWIP Balance	Depreciation				Revenue
8	Useful life of the project														
9	*Yes* if the customer has paid a lumpsum payment in the amount of the investment on line 29, Otherwise *No*														
10	Input the allowed increase in ROE														
11	From line 3 above if "No" on line 13 and from line 7 above if "Yes" on line 13														
12	Line 14 plus line 5 times line 13/100														
13	13 Month Net Plant or CWIP Balance														
14	Actual or estimated depreciation expense														
15	W 0 % ROE	2010													
16	W increased ROE	2010													
17	W 0 % ROE	2011													
18	W increased ROE	2011													
19	W 0 % ROE	2012													
20	W increased ROE	2012													
21	W 0 % ROE	2013													
22	W increased ROE	2013													
23	W 0 % ROE	2014													
24	W increased ROE	2014													
25	W 0 % ROE	2015													
26	W increased ROE	2015													
27	W 0 % ROE	2016													
28	W increased ROE	2016													
29	W 0 % ROE	2017													
30	W increased ROE	2017													
31	W 0 % ROE	2018													
32	W increased ROE	2018													
33	W 0 % ROE	2019													
34	W increased ROE	2019													
35	W 0 % ROE	2020													
36	W increased ROE	2020													
37	W 0 % ROE	2021													
38	W increased ROE	2021													
39	W 0 % ROE	2022													
40	W increased ROE	2022													
41	W 0 % ROE	2023													
42	W increased ROE	2023													
43	W 0 % ROE	2024													
44	W increased ROE	2024													
45	W 0 % ROE	2025													
46	W increased ROE	2025													
47	W 0 % ROE	2026													
48	W increased ROE	2026													
49	W 0 % ROE	2027													
50	W increased ROE	2027													
51	W 0 % ROE	2028													
52	W increased ROE	2028													
53	W 0 % ROE	2029													
54	W increased ROE	2029													
55	----														
56	----														

Applied Depreciation Rates by State

Row	A/C	Description	Oregon		Washington		California		Utah		Wyoming		AZ, CO, MT, NM		Idaho		Company
			Balance (a)	Rate (b)	Balance (c)	Rate (d)	Balance (e)	Rate (f)	Balance (g)	Rate (h)	Balance (i)	Rate (j)	Balance (k)	Rate (l)	Balance (m)	Rate (n)	Rate (o)
1	350.2	Land Rights															1.35%
2	352	Structures and Improvements															1.31%
3	353	Station Equipment															1.75%
4	353.7	Supervisory Equipment															3.78%
5	354	Towers and Fixtures															1.56%
6	355	Poles and Fixtures															2.63%
7	356	Overhead Conductors and Devices															2.25%
8	356.2	Clearing & Grading															1.40%
9	357	Underground Conduit															1.65%
10	358	Underground Conductors and Devices															1.64%
11	359	Roads & Trails															1.39%
12		Unclassified Transmission															2.03%
13	389.2	Land Rights		0.00%		0.00%		0.00%		2.32%		2.01%		0.00%		2.01%	
14	390	Structures and Improvements		2.21%		3.80%		2.38%		2.18%		3.03%		2.06%		2.12%	
15	390.3	Structures and Improvements - Office Panels															6.67%
16	391	Office Furniture and Equipment															5.00%
17	391.2	Office Furniture and Equipment - Personal Computers															20.00%
18	393	Store Equipment															4.00%
19	394	Tools, Shop and Garage Equipment															4.17%
20	395	Laboratory Equipment															5.00%
21	397	Communication Equipment		4.06%		5.24%		4.15%		4.09%		5.40%		3.18%		3.79%	
22	397.2	Communication Equipment - Mobile Radio Equipment															9.09%
23	398	Miscellaneous Equipment															5.00%
24		Unclassified General		4.37%		5.49%		5.15%		4.30%		5.46%		3.17%		3.81%	
25	302	Franchises and Consents															2.73%
26	303	Miscellaneous Intangible Plant															4.85%
27	390.1	Leasehold Improvements - Gen															7.13%

- Notes:**
- 1 Depreciation Rates shown in rows 1 through 24 were approved by each of the Company's respective state jurisdictions during the last depreciation study.
 - 2 The columns labeled "Balance" are the amount of investment physically located in each state.
 - 3 The plant balance is updated each month as new plant is added.
 - 4 The balances to be reported in the columns labeled "Balances" in any update are the weighted 13-month average balances for the rate year.
 - 5 "Company Rate" shows the depreciation rate approved by all of the jurisdictions on a total company basis.
 - 6 Unclassified Transmission represents the transmission additions placed in service but not yet classified to a FERC level account. Monthly depreciation is calculated by multiplying the month's beginning unclassified balance by the monthly transmission composite depreciation rate.
 - 7 Unclassified General represents the general plant additions placed in service but not yet classified to a FERC level account. Monthly depreciation is calculated by multiplying the month's beginning unclassified balance by the monthly state general plant composite depreciation rate.
 - 8 Transfers into the General amortized accounts (rows 15 through 20, 22, and 23) are depreciated over the remaining life based on the account life.
 - 9 Depreciation expense for General plant is decreased by the amount that is billed to joint owners for computer hardware.
 - 10 Intangible and Leasehold Improvements (rows 25 through 27) are composite rates based on the 13 month average balance divided into the 2010 amortization expense for each account.
 - 11 Amortization expense for Intangible is decreased by the amount that is billed to joint owners for computer software.
 - 12 If the depreciation rates shown differ from the depreciation rates used to calculate the depreciation expense reported in FERC Form 1, then PacifiCorp is required to file under Section 205 for a modification of this Attachment or the calculation of depreciation expense and accumulated depreciation under this formula.

PacifiCorp
 Attachment 9a - Load Divisor for Projection

Column	OATT (Part III - Network Service) - Average of current year and prior two years												f	
	e	f1	f2	f3	f4	f5	f6	f7	f8	f9	f10	f11		f12
Customer Class RS / SA														Total NFO
Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	-
March	-	-	-	-	-	-	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ave 12CP	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Other Service - Average of current year and prior two years					
j1	j2	j3	j4	j5	j
					Total OS
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Column	OATT (Part II Long-Term Firm Point-to-Point Transmission Service) - Projection													g
	g1	g2	g3	g4	g5	g6	g7	g8	g9	g10	g12	g13	g13	
Customer Class RS / SA														Total LTP
Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	-
March	-	-	-	-	-	-	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ave 12CP	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Total Network & OS	1% Growth	Behind-the Meter	Total Network Load
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Divisor Network + OS + LTP
-
-
-
-
-
-
-
-
-
-
-
-
-
-

PacifiCorp
Attachment 9a1 - Load (Current Year)
 YYYY

Column			OATT (Part III - Network Service)													
Customer Class	Day	Time	e	f1	f2	f3	f4	f5	f6	f7	f8	f9	f10	f11	f12	f
RS / SA																Total NFO
Jan			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb			-	-	-	-	-	-	-	-	-	-	-	-	-	-
March			-	-	-	-	-	-	-	-	-	-	-	-	-	-
April			-	-	-	-	-	-	-	-	-	-	-	-	-	-
May			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-	-	-	-	-	-	-	-

Column			Other Service					
Customer Class	Day	Time	j1	j2	j3	j4	j5	j
RS / SA								Total OS
Jan			-	-	-	-	-	-
Feb			-	-	-	-	-	-
March			-	-	-	-	-	-
April			-	-	-	-	-	-
May			-	-	-	-	-	-
Jun			-	-	-	-	-	-
Jul			-	-	-	-	-	-
Aug			-	-	-	-	-	-
Sept			-	-	-	-	-	-
Oct			-	-	-	-	-	-
Nov			-	-	-	-	-	-
Dec			-	-	-	-	-	-
Total			-	-	-	-	-	-

PacifiCorp
Attachment 9a2 - Load (One Year Prior)
 YYYY

Column			OATT (Part III - Network Service)													
Customer Class	Day	Time	e	f1	f2	f3	f4	f5	f6	f7	f8	f9	f10	f11	f12	f
RS / SA															Total NFO	
Jan			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb			-	-	-	-	-	-	-	-	-	-	-	-	-	-
March			-	-	-	-	-	-	-	-	-	-	-	-	-	-
April			-	-	-	-	-	-	-	-	-	-	-	-	-	-
May			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-	-	-	-	-	-	-	-

Column			Other Service					
Customer Class	Day	Time	j1	j2	j3	j4	j5	j
RS / SA								Total OS
Jan			-	-	-	-	-	-
Feb			-	-	-	-	-	-
March			-	-	-	-	-	-
April			-	-	-	-	-	-
May			-	-	-	-	-	-
Jun			-	-	-	-	-	-
Jul			-	-	-	-	-	-
Aug			-	-	-	-	-	-
Sept			-	-	-	-	-	-
Oct			-	-	-	-	-	-
Nov			-	-	-	-	-	-
Dec			-	-	-	-	-	-
Total			-	-	-	-	-	-

PacifiCorp
Attachment 9a3 - Load (Two Years Prior)
 YYYY

Column			OATT (Part III - Network Service)													
Customer Class	Day	Time	e	f1	f2	f3	f4	f5	f6	f7	f8	f9	f10	f11	f12	f
RS / SA																Total NFO
Jan			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb			-	-	-	-	-	-	-	-	-	-	-	-	-	-
March			-	-	-	-	-	-	-	-	-	-	-	-	-	-
April			-	-	-	-	-	-	-	-	-	-	-	-	-	-
May			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-	-	-	-	-	-	-	-

Column			Other Service					
Customer Class	Day	Time	j1	j2	j3	j4	j5	j
RS / SA								Total OS
Jan			-	-	-	-	-	-
Feb			-	-	-	-	-	-
March			-	-	-	-	-	-
April			-	-	-	-	-	-
May			-	-	-	-	-	-
Jun			-	-	-	-	-	-
Jul			-	-	-	-	-	-
Aug			-	-	-	-	-	-
Sept			-	-	-	-	-	-
Oct			-	-	-	-	-	-
Nov			-	-	-	-	-	-
Dec			-	-	-	-	-	-
Total			-	-	-	-	-	-

PacifiCorp
 Attachment 9b - Load Divisor for True up
 Actuals

Column	OATT (Part III - Network Service)												f	
	e	f1	f2	f3	f4	f5	f6	f7	f8	f9	f10	f11		f12
Customer Class RS / SA														Total NFO
Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	-
March	-	-	-	-	-	-	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ave 12CP	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Other Service						j
j1	j2	j3	j4	j5		
						Total OS
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Column	OATT Part II Long-Term Firm Point-to-Point Transmission Service														g	
	g1	g2	g3	g4	g5	g6	g7	g8	g9	g10	g11	g12	g13	g14		g15
Customer Class RS / SA																Total LTP
Jan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
March	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ave 12CP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Total Network & OS	Behind-the Meter	Total Network Load
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

Divisor
Network + OS + LTP
-
-
-
-
-
-
-
-
-
-
-
-

PacifiCorp
Attachment 12 - Plant Held for Future Use

Plant/Land Held For Future Use - Assets associated with Transmission at December 31

	Prior year	Current year
Attachment 5 input: Total - Transmission	0	0

	Prior year	Current year
Total - PacifiCorp	214.47d	

Revenue Credit Detail

Other Service (OS) contracts

As Filed
 1=Revenue credit
 0=Denominator
 Treatment

Description	Revenue	MW	
Att 3 input: Total OS contract revenue credits	0	0.0	

Short-term revenue

Short-term firm

PacifiCorp Commercial and Trading (C&T)	
Third parties	
<hr/> Total short-term firm	0

Short-term non-firm

PacifiCorp Commercial and Trading (C&T)	
Third parties	
<hr/> Total short-term non-firm	0

Short term firm and non-firm

PacifiCorp Commercial and Trading (C&T)	0
Third parties	0
<hr/> Att. 3 input: Total short term-firm and non-firm revenue	0

PacifiCorp
 Attachment 14 - Cost of Capital Detail

Appendix A Line	Operation to apply to monthly input columns at right	Appendix A input value (result of operation specified in column to left on monthly data)	Description (Account)	Reference	Prior Year	Current Year (month end)											
					(month end)	December	January	February	March	April	May	June	July	August	September	October	November	December
86	13-month average	0	Bonds (221)	Form 1, pg 112, ln 18 c,d	0	0	0	0	0	0	0	0	0	0	0	0	0
87	13-month average	0	Reacquired Bonds (222)	Form 1, pg 112, ln 19 c,d	0	0	0	0	0	0	0	0	0	0	0	0	0
88	13-month average	0	Advances from Associated Companies (223)	Form 1, pg 256, various ln, col a,b	0	0	0	0	0	0	0	0	0	0	0	0	0
89	13-month average	0	Other Long-Term Debt (224)	Form 1, pg 112, ln 21 c,d	0	0	0	0	0	0	0	0	0	0	0	0	0
91	13-month average	0	Unamortized Discount (226)	Form 1, pg 112, ln 23 c,d	0	0	0	0	0	0	0	0	0	0	0	0	0
92	13-month average	0	Unamortized Debt Expense (181)	Form 1, pg 111, ln 69 c,d	0	0	0	0	0	0	0	0	0	0	0	0	0
93	13-month average	0	Unamortized Loss On Reacquired Debt (189)	Form 1, pg 111, ln 81 c,d	0	0	0	0	0	0	0	0	0	0	0	0	0
94	13-month average	0	Unamortized Premium (225)	Form 1, pg 112, ln 22 c,d	0	0	0	0	0	0	0	0	0	0	0	0	0
95	13-month average	0	Unamortized Gain On Reacquired Debt (257)	Form 1, pg 113, ln 61 c,d	0	0	0	0	0	0	0	0	0	0	0	0	0
97	12-month sum	0	Interest on Long Term (427) and Associated Companies (430)	Form 1, pg 257, ln 33 i	0	0	0	0	0	0	0	0	0	0	0	0	0
98	12-month sum	0	LONG TERM ONLY														
98	12-month sum	0	Hedging Expense (as noted in Appendix A, Note R)	Company records	0	0	0	0	0	0	0	0	0	0	0	0	0
99	12-month sum	0	Amort Debt Discount and Expense (428)	Form 1, pg 117, ln 63 c (portion)	0	0	0	0	0	0	0	0	0	0	0	0	0
100	12-month sum	0	Amort Loss on Reacquired Debt (428.1)	Form 1, pg 117, ln 64 c (portion)	0	0	0	0	0	0	0	0	0	0	0	0	0
101	12-month sum	0	Amort Premium (429)	Form 1, pg 117, ln 65 c (portion)	0	0	0	0	0	0	0	0	0	0	0	0	0
102	12-month sum	0	Amort Gain on Reacquired Debt (429.1)	Form 1, pg 117, ln 66 c (portion)	0	0	0	0	0	0	0	0	0	0	0	0	0
104	13-month average	0	Preferred Stock Issued (204)	Form 1, pg 112, ln 3 c, d	0	0	0	0	0	0	0	0	0	0	0	0	0
105	13-month average	0	Reacquired Capital Stock (217) PREFERRED ONLY	Form 1, pg 112, ln 13 c, d (portion)	0	0	0	0	0	0	0	0	0	0	0	0	0
106	13-month average	0	Premium on Preferred Stock (207)	Form 1, pg 112, ln 6 c, d (portion)	0	0	0	0	0	0	0	0	0	0	0	0	0
107	13-month average	0	Other Paid-In Capital (207-208) PREFERRED ONLY	Form 1, pg 112, ln 7 c, d (portion)	0	0	0	0	0	0	0	0	0	0	0	0	0
108	13-month average	0	Discount on Capital Stock (213) PREFERRED ONLY	Form 1, pg 112, ln 9 c, d (portion)	0	0	0	0	0	0	0	0	0	0	0	0	0
109	13-month average	0	Capital Stock Expense (214) PREFERRED ONLY	Form 1, pg 112, ln 10 c, d (portion)	0	0	0	0	0	0	0	0	0	0	0	0	0
111	12-month sum (enter positive)	0	Preferred Dividend	Form 1, pg 118, ln 29 c	0	0	0	0	0	0	0	0	0	0	0	0	0
112	13-month average	0	Total proprietary Capital	Form 1, pg 112, ln 16 c,d	0	0	0	0	0	0	0	0	0	0	0	0	0
114	13-month average	0	Unappropriated Undistributed Subsidiary Earnings (216.1)	Form 1, pg 112, ln 12 c, d	0	0	0	0	0	0	0	0	0	0	0	0	0
115	13-month average (enter negative)	0	Accumulated Other Comprehensive Income (219)	Form 1, pg 112, ln 15 c, d	0	0	0	0	0	0	0	0	0	0	0	0	0
n/a	-	-	Common Stock Issued (201)	Company records	0	0	0	0	0	0	0	0	0	0	0	0	0
n/a	-	-	Other Paid-In Capital (211)	Company records	0	0	0	0	0	0	0	0	0	0	0	0	0

Description	Total	Interest Locks	Other
Unamortized balance for gains and losses on hedges.	0	0	0
Annual amortization for gains and losses on hedges.	0	0	0

PacifiCorp
Attachment 15 - GSU and Associated Equipment

Asset Class 353.40 - GSU (generator step-up) and Associated Equipment &
Asset Class 345 - Accessory Electrical Equipment
(At December 31)

353.4 Class Assets	Acquisition value
Total 353.4 Class Assets	0
Wind Generation Facilities	0
34.5 kV Facilities	0
Appendix A input: Total Assets to Exclude	0

PacifiCorp
 Attachment 16 - Unfunded Reserves

Accounts with Unfunded Reserve Balances contributed by customers
 (Dollar values in millions)

Description	Account Calculation	Reserve type	Accrued Liability:		Charged to:		Prior year		Current Year		Beg-/End-of-Year Average or 13-month Average	Category	By Category				Total Transmission-related Unfunded	
			SAP Account	FERC Account	SAP Account	FERC Account	December month end	...	December month end	...			100% Transmission	Plant	Labor	Other		
Totals							0.0	...	0.0		0.0		0.000	0.000	0.000	0.000		
												Allocators	100.0000%	0.0000%	0.0000%	0.0000%		
												Total (\$ millions)	0.000	0.000	0.000	0.000	0.000	
												Appendix A input						0

PacifiCorp
Attachment 17 - Post-Retirement Benefits Other Than Pensions (PBOP)

FERC Acct	Description	Expense
		0

Attachment 5 input: **Total PBOP**

Notes:

ATTACHMENT H-2
Formula Rate Implementation Protocols
Projections are for Rate Years – June-May
True-Ups are for Calendar Years – January-December

The Transmission Provider’s formula transmission rates, including those in Schedules 1, 7 and 8 of the Tariff (but excluding rates or charges in any other Schedule of the Tariff), shall be implemented in accordance with the Formula Rate Implementation Protocols (“Protocols”) as set forth below.

For purposes of these Protocols, the term “Interested Party” means a transmission customer of PacifiCorp, a state commission in a state where PacifiCorp serves retail customers, any entity having standing in a Federal Energy Regulatory Commission (“Commission” or “FERC”) proceeding investigating the Formula Rate (as defined in Section I.1, below), and staff of FERC.

I. Annual Updates

1. The formula rate template (“Formula”) contained in Attachment H-1, which includes Schedule 1 – Scheduling System Control and Dispatch Service as Appendix B to Attachment H-1, and these Protocols together comprise the Transmission Provider’s filed rate (collectively, the “Formula Rate”) for Transmission Service under the Tariff or transmission agreements incorporating Tariff rates. The Transmission Provider will follow the instructions specified in the Formula Rate to annually calculate (project and subsequently true up as applicable) its Annual Transmission Revenue Requirement (“ATRR”) and long-term firm loads to develop rates for Network

- Integration Transmission Service, Point-to-Point Transmission Service, and ancillary service Schedule 1 – Scheduling System Control and Dispatch Service, for posting by the Transmission Provider (hereinafter the projection and true-up process is referred to as the “Annual Update”).
2. The Formula Rate shall be applicable to service on and after June 1 of a given calendar year through May 31 of the subsequent calendar year (“Rate Year”), subject to review, challenge, and refunds or surcharges with interest, as provided herein. The commencement date of the Transmission Provider’s Formula Rate in the first Rate Year shall be the effective date established by the Commission.
 3. Each calendar year, the Transmission Provider shall:
 - (a) By May 15 of the current year, calculate the projected ATRR, and transmission rates for the next Rate Year (“Projection”) and Schedule 1 rate for the next Rate Year in accordance with the Formula Rate. The Formula Rate specifies in detail the manner in which the immediately preceding calendar year FERC Form No. 1 data and actual data from the Transmission Provider’s books and records shall be used as inputs to the Formula except that: (A) limited projections of current calendar year transmission plant will be forecasted for the applicable Rate Year in the Projection; and (B) limited projections of current calendar year long-term firm loads identified in Attachment 9A to the Formula Rate (columns e, f, g and j) will be calculated and adjusted as appropriate for the applicable Rate Year in the Projection in accordance with Attachment 5;

(b) By May 15 of the current year, calculate the true-up for the Projection for the preceding calendar year in accordance with the Formula Rate (“True-Up”).

The True-Up shall use the actual data for such preceding calendar year to calculate the actual charges for that calendar year. The Schedule 1 rate shall not be subject to the True-Up. As part of the True-Up, the Transmission Provider shall calculate refunds or surcharges for each transmission customer identified in Attachment 9B taking service pursuant to the Formula Rate, as follows:

- i. At the time of the Annual Update, the Transmission Provider shall recalculate the bills for transmission service of each transmission customer identified in Attachment 9B taking service pursuant to the Formula Rate during the preceding calendar year, based on the actual ATRR and long-term firm loads for that calendar year.
- ii. The Transmission Provider shall refund or surcharge, as applicable, to each transmission customer identified in Attachment 9B taking service pursuant to the Formula Rate during the preceding calendar year, the difference between: (A) the amount(s) billed to the transmission customer during such preceding calendar year, and (B) the recalculated bill using PacifiCorp’s actual ATRR and long-term firm loads for such preceding calendar year and the transmission customer’s actual billing loads for such preceding calendar year. The refund or surcharge shall include interest applied through the date when the refund is paid or the

invoice is due. The Schedule 1 rate shall not be subject to a refund or surcharge.

(c) Include with the Annual Update an identification and explanation of each material change (“Material Change”). A Material Change is: (i) any change in the Transmission Provider’s accounting policies, practices or procedures (including changes resulting from revisions to FERC’s Uniform System of Accounts and/or FERC Form No. 1 reporting requirements and inter-company cost allocation methodologies) from those in effect during the calendar year upon which the most recent actual ATRR was based and that, in the Transmission Provider’s reasonable judgment, could impact the Formula Rate, including impact to the ATRR or load divisor; and (ii) any change in the classification of any transmission facility that has been directly assigned and the dollar value of the change that the Transmission Provider has made in the applicable Projection or True-Up; and

(d) Post such Annual Update on May 15, or if May 15 is a Saturday, Sunday or Federal holiday, the first business day thereafter, as well as a populated Formula in fully functional spreadsheets showing the calculation of such Annual Update with documentation supporting such calculation, which includes, but is not limited to, Appendices A and B and Attachments 1 through 17 to the Formula and information supporting the Projection as described in Section I.3(a), above, which information shall include a narrative, and worksheets where appropriate, explaining the source and derivation of any data input to the Formula that is not

drawn directly from the Transmission Provider's FERC Form No. 1, as well as the following information for all transmission facilities included in the expected transmission plant additions: (i) expected date of completion; (ii) percent completion status as of the date of the Annual Update; (iii) a one-line diagram of facilities exceeding \$5 million in cost; (iv) the estimated total installed cost of the facility; (v) the reason for the facility addition; and (vi) without identifying the transmission customer to the extent such customer information is not public information, upgrade costs paid by a generator or paid by a transmission customer directly to the Transmission Provider, in an accessible location on the Transmission Provider's OASIS website (the date of such posting is referred to herein as the "Publication Date");

(e) File such Annual Update with the Commission as an informational filing on the Publication Date; and

(f) On the Publication Date, notify Interested Parties by email (using the last known email addresses provided to the Transmission Provider) of the website address where the Annual Update posting is located. The Transmission Provider shall use the email list developed from the most recent Annual Update and any other email addresses of individuals who have requested to be included in the Annual Update distribution list.

4. A True-Up for a preceding calendar year shall:

(a) Be based upon the Transmission Provider's FERC Form No. 1 for that calendar year, and, to the extent specified in the Formula Rate, upon the books and records of the Transmission Provider consistent with the Commission's accounting policies and practices; and

(b) Include a variance analysis of the Formula Rate as compared with the projected Formula Rate components contained in the Annual Update establishing the rates for the Rate Year under review, which shows the percentage change of each input to the Formula Rate compared to the preceding Rate Year. The Transmission Provider shall address those changes which, in the Transmission Provider's reasonable judgment, are significant during the Customer Meeting (see Section II.1 below).

5. A change to the Formula Rate inputs related to unamortized abandoned plant, construction work in progress (which is currently set to zero), return on equity incentives, extraordinary property losses, return on equity, depreciation rates for each regulatory jurisdiction that are used to calculate the composite rates applied in the Formula Rate, or Post Employment Benefits Other than Pensions may not be made absent a filing with the Commission pursuant to Federal Power Act ("FPA") Sections 205 or 206. PacifiCorp shall have the right to propose a change to only the following items through a single issue filing under Section 205 of the FPA: (i) cash working capital as provided for in the settlement agreement filed and accepted in ER11-3643, and (ii) amortization rates, and depreciation rates. To the extent any State depreciation rate stated on Attachment 8 of the Formula Rate is modified by any

State, PacifiCorp must make a single issue filing under Section 205 of the FPA to incorporate such modification to Attachment 8, to become effective on the same date the modified State depreciation rate became effective.

II. Annual Review Procedures

Each Annual Update shall be subject to the following review procedures (“Annual Review Procedures”). If any of the dates provided for herein fall on a Saturday, Sunday or Federal holiday, then the due date shall be the first business day thereafter:

1. Each year, with at least thirty (30) calendar days written notice, the Transmission Provider shall convene at least one meeting, which shall include at the Transmission Provider’s option either video conferencing or webinar/internet conferencing, among Interested Parties (“Customer Meeting”) during which the Transmission Provider shall present details about its Annual Update, including an explanation of those changes identified in the variance analysis (see Section I.4.b). The Customer Meeting shall provide Interested Parties the chance to seek information and clarifications from the Transmission Provider about the Annual Update. The first Customer Meeting of a Rate Year shall take place between June 23 and July 10 at a date and time convenient for a majority of the parties and posted on the Transmission Provider’s internet website. The Transmission Provider shall also schedule subsequent Customer Meetings as appropriate (“Subsequent Meetings”). The date and time of such Subsequent Meetings shall be posted on the Transmission Provider’s internet website and shall include at the Transmission Provider’s option either video conferencing or webinar/internet conferencing.

2. Immediately following the Publication Date, Interested Parties may submit requests for information supporting the Annual Update. Interested Parties will have one-hundred and eighty (180) calendar days after the Publication Date to serve reasonable information requests to the Transmission Provider (“Information Request Period”). Such information requests shall be limited to that which is necessary to determine if the Transmission Provider has properly calculated the Formula Rate for the Annual Update under review, whether the inputs to the True-Up are correct, prudent and otherwise appropriate costs and revenue credits, and whether there have been any Material Changes that affect the Formula Rate calculations.
3. The Transmission Provider shall make a good faith effort to respond to information requests pertaining to the Annual Update within ten (10) business days of receipt of such requests. Such data responses shall be served on all Interested Parties identifying themselves to the Transmission Provider (as set forth in Section I.3(f)). Information requests received after 4 p.m. Pacific Prevailing Time shall be considered received the next business day. In the event the Transmission Provider believes it cannot respond within the ten (10) business day timeframe, it shall notify the requesting party and shall provide an estimate of when the Transmission Provider will provide the requested information.
4. For any information requests under Section II.2 above submitted during the last thirty (30) days of the Information Request Period to which the Transmission Provider fails to respond within ten (10) business days, the Information Request Period shall be extended equal to the greatest number of days beyond the ten (10) business day

- timeframe that it takes the Transmission Provider to provide the requested information in response to a single information request or set of information requests. In addition, for other good cause, including actions pursuant to Section II.6 below, the Information Request Period may be extended with the written consent of the Transmission Provider, with such consent not to be unreasonably withheld.
5. The Transmission Provider shall make available in a central electronic location all information requests received and all responses to such requests. Each information request received by the Transmission Provider shall become available in the central electronic location within one business day of receipt of such request. Each response by the Transmission Provider shall become available in the central electronic location within one business day of distribution of such response to the party that submitted the information request. The Transmission Provider shall also maintain and post in the same central electronic location a list of Interested Parties identifying themselves to the Transmission Provider.
 6. To the extent the Transmission Provider and any Interested Party(ies) are unable to resolve disputes related to information requests submitted during the Information Request Period in accordance with these Protocols, the Transmission Provider or any Interested Party may petition FERC to appoint an Administrative Law Judge as a discovery master after reasonable attempts to resolve the disputes have been made by the Transmission Provider and any Interested Parties. The discovery master shall have the authority to issue binding orders to resolve discovery disputes and compel

- the production of discovery, as appropriate, in accordance with the Protocols and consistent with FERC's discovery rules.
7. At any time throughout the Information Request Period (as such period may be extended pursuant to Section II.4 above) and up to thirty (30) calendar days after the later of: (i) the close of the Information Request Period, or (ii) receipt of all responses to information requests submitted during the Information Request Period, any Interested Party may review the calculations ("Review Period") and notify the Transmission Provider in writing of any specific challenges to the application of the Formula Rate ("Preliminary Challenge"). Notice of such Preliminary Challenges shall be promptly posted (at the same location as the Annual Update) by the Transmission Provider.
 8. Challenges to the Formula Rate itself shall not be considered a Preliminary Challenge for purposes of these Annual Review Procedures. Modifications to the Formula Rate itself can only be made pursuant to Sections 205 and 206 of the Federal Power Act, as set out in Article V below.

III. Resolution of Annual Update Challenges

1. If the Transmission Provider and any Interested Party have not resolved a Preliminary Challenge to an Annual Update within sixty (60) calendar days after written notification of a Preliminary Challenge, senior management of the Interested Parties may attempt to resolve any outstanding issues ("Senior Management Review"). If the Transmission Provider and any Interested Party's (or Parties') senior management are unable to resolve all issues raised in such party's Preliminary Challenge within thirty

- (30) calendar days after the Senior Management Review process begins, the Interested Party or Parties may, at any time thereafter, file a formal challenge with the Commission for a period up to three-hundred sixty five (365) calendar days after the Customer Meeting (“Formal Challenge”). An Interested Party may not file a Formal Challenge thereafter. However, any Party may at any time within the period specified above, with or without prior Senior Management Review or submission of a Preliminary Challenge, file a Formal Challenge with the Commission regarding the Formula Rate. For avoidance of doubt and as provided in Article V hereof, nothing in this section is intended to limit the rights of any Interested Party to file a complaint under the FPA outside the Formal Challenge procedures provided by these Protocols.
2. The Transmission Provider shall promptly post notice of resolution of a Preliminary Challenge (at the same location as the notice of Preliminary Challenges) and shall notify all Interested Parties of such resolution, consistent with the procedures set forth in Section II.5, above.
 3. Any and all information produced pursuant to these Protocols may be included in any proceeding concerning the PacifiCorp Formula Rate initiated at FERC pursuant to the FPA, including, but not limited to, a Formal Challenge. Information produced pursuant to these Protocols designated as confidential information and not otherwise publicly available shall be treated as confidential in any such proceeding referenced herein; provided that confidential treatment shall be subject to a later determination by the presiding authority that the material is, in whole or in part, not entitled to confidential treatment.

4. Any Formal Challenge shall be served on the Transmission Provider by electronic service on the date of such filing.
5. There shall be no need for an Interested Party to make a separate Formal Challenge with respect to any action initiated by the Commission *sua sponte*, regarding an Annual Update in order to participate in any resulting Commission proceeding.
6. Failure to make a Preliminary Challenge or Formal Challenge as to any Annual Update shall not act as a bar to a Preliminary Challenge or Formal Challenge related to any other Annual Update. However, no Preliminary Challenge to an Annual Update shall be permitted after the deadline for written notification of Preliminary Challenges, described in Section II.6.
7. Failure to make a Preliminary Challenge or Formal Challenge with respect to a Material Change as to any Annual Update shall not act as a bar to a Preliminary Challenge or Formal Challenge related to that Material Change in any subsequent Annual Update.

IV. Adjustments to Charges to Reflect Correction of Errors and Resolution of Challenges

For purposes of this Article IV governing mid-Rate Year adjustments of the Annual Update, the following definition of “Material Correction” triggering such adjustment shall apply: adjustment shall be required if correcting the error or otherwise accounting for the change impacts a rate produced by the Formula Rate by +/- two and a half (+/- 2.5) percent or +/- \$0.50 kw-yr, whichever is lower. Errors below this materiality threshold will be deferred to the True-Up.

1. If the Transmission Provider identifies an error in the Projection or the FERC Form No. 1 data or data based on the Transmission Provider's books and records that is used as an input to the Projection, or the Transmission Provider is required by applicable law or a court or regulatory body to correct an error, and such error constitutes a Material Correction, as defined above, the Transmission Provider shall correct the error by recalculating the Annual Update in good faith within two (2) calendar months (or such period specifically directed by applicable law, court or regulatory body) and without regard to whether the correction increases or decreases the Transmission Provider's revenue requirements. All identified errors shall reset the rights of Interested Parties to make information requests and challenges including the deadlines set out in Articles II and III, above, as to the specific errors and related corrective revisions. Invoices sent prior to the correction of the error shall be corrected as part of the True-Up. Notwithstanding the foregoing provisions, inaccuracies in the limited projections provided for in Section I.3.a(A) and (B) are not errors subject to the procedures set forth in this Article IV.

2. Any correction(s) or modification(s) to the Formula Rate True-Up that is (are) determined through the Annual Review Procedures, including resolution(s) of Preliminary Challenges and Formal Challenges, shall be refunded or surcharged the earlier of (i) the next monthly billing cycle after the conclusion of the time to file a Formal Challenge or (ii) the next monthly billing cycle after it is clear that there will be no Formal Challenges. Should a Commission order refunds or surcharges, such refunds or surcharges will be made pursuant to the Commission's order.

3. If the Transmission Provider files any corrections or modifications to its FERC Form No. 1 for any prior year after the window for submitting a Formal Challenge to an Annual Update has expired, and such corrections or modifications affect the charges produced by the True-Up for prior Rate Year(s), the Transmission Provider shall correct the error by recalculating the True-Up for the affected Rate Year(s) in good faith within two (2) calendar months (or such period specifically directed by applicable law, court or regulatory body) and without regard to whether the correction increases or decreases the Transmission Provider's revenue requirements for the affected Rate Year(s). All identified errors shall reset the rights of Interested Parties and the deadlines set out in Articles II and III, above, only as to such errors and the associated corrective revisions.

4. Except as otherwise specified pursuant to a Commission order, all refunds or surcharges shall be determined with interest calculated in accordance with 18 C.F.R. § 35.19a.

V. Party's Rights and Burden of Proof

1. Nothing in these Protocols affects any rights the Transmission Provider, FERC, or any Interested Party may have under the FPA, including the right of the Transmission Provider to file a change in rates under Section 205 of the FPA or the right of an Interested Party to file a complaint that is not a Formal Challenge at any time under Section 206 of the FPA or other Commission regulation, or for an Interested Party to participate in any Commission proceeding relating to the Formula Rate. Nothing in these Protocols affects or modifies in any manner the procedural and substantive

- requirements, including requirements relating to the burden of proof, that are otherwise applicable under Commission precedent, regulations, and statute, in such a proceeding. The provisions of these Protocols addressing review and challenge of the Annual Update shall not be construed as limiting the Transmission Provider's, FERC's, or any Interested Party's rights under any applicable provision of the FPA.
2. Failure to have made a Preliminary Challenge or Formal Challenge pursuant to these Protocols shall neither, in any manner, be asserted against a complainant in a proceeding instituted under Section 206 of the FPA nor prejudice or otherwise limit the complainant's right to relief that may be granted pursuant to Section 206 of the Federal Power Act.
 3. Nothing herein is intended to alter the established burden(s) of going forward or burden(s) of proof as applied by the FERC at the time of any proceeding. Notwithstanding and without limiting the foregoing, in any proceeding ordered by FERC in response to a Formal Challenge raised under these Protocols or a proceeding initiated *sua sponte* by the Commission, the Transmission Provider shall have the ultimate burden of proof to establish that: (i) it reasonably applied the Formula Rate; (ii) it reasonably calculated the challenged Annual Update pursuant to the Formula Rate; and (iii) it reasonably adopted and applied any Material Change.
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ATTACHMENT I

Index Of Network Integration Transmission Service Customers

A list of Network Integration Transmission Service Customers and Service Agreements can be found in PacifiCorp's publicly posted Electric Quarterly Report on the FERC website.

ATTACHMENT J

The North American Electric Reliability Corporation's ("NERC") Qualified Path Unscheduled Flow Relief for the Western Electricity Coordinating Council ("WECC"), Reliability Standard WECC-IRO-STD-006-0 filed by NERC in Docket No. RR07-11-000 on March 26, 2007, and approved by the Commission on June 8, 2007, and any amendments thereto, are hereby incorporated and made part of this Tariff. See www.nerc.com for the current version of the NERC's Qualified Path Unscheduled Flow Relief Procedures for WECC.

ATTACHMENT K

Transmission Planning Process

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. OA08-40-000, OA08-57-000, et al., issued July 17, 2008, 124 FERC ¶ 61,053 (2008).

Preamble

In accordance with the Commission's regulations, Transmission Provider's planning process is performed on a local, sub-regional (NTTG) and regional (WECC) basis. Section 2 of this Attachment K addresses the local planning process. Sections 3 and 4 of this Attachment K address Transmission Provider's sub-regional and regional planning coordination efforts and responsibilities. Greater detail with respect to Transmission Provider's sub-regional and regional planning efforts is also contained within the separate agreements and business practices of the NTTG and the WECC.

The Transmission Provider is responsible for maintaining its Transmission System and planning for transmission and generator interconnection service pursuant to the Tariff and other agreements. The Transmission Provider retains the responsibility for the local planning process and Transmission System Plan and may accept or reject in whole or in part, the comments of any stakeholder unless prohibited by applicable law or regulation.

1. Definitions

1.1 Demand Resources: shall mean mechanisms to manage demand for power in response to supply conditions, for example, having electricity customers reduce their consumption at critical times or in response to market prices. For purposes of this Attachment K, this methodology is focused on curtailing demand to avoid the need to plan new sources of generation or transmission capacity.

1.2. Economic Congestion Study: shall mean an assessment to determine whether transmission upgrades can reduce the overall cost of reliably serving the forecasted needs of the Transmission Provider and its Transmission Customers taking service under the Tariff.

1.3. Economic Congestion Study Request: shall mean a request by a Transmission Customer or stakeholder to model the ability of specific upgrades or other investments to the Transmission System or Demand Resources, not otherwise considered in the Transmission System Plan, to reduce the overall cost of reliably serving the forecasted needs of the Transmission Provider and its Transmission Customers.

1.4. NTTG: shall mean Northern Tier Transmission Group or its successor organization.

1.5. Planning Meeting: shall mean the quarterly meetings held by Transmission Provider pursuant to Attachment K to the Tariff.

1.6. Transmission System Plan or TSP: shall mean the Transmission Provider's transmission plan that identifies the upgrades and other investments to the Transmission System and Demand Resources necessary to reliably satisfy, over the planning horizon, Network Customers' resource and load growth expectations for designated Network Load; Transmission Provider's resource and load growth expectations for Native Load Customers; Transmission Provider's obligations pursuant to grandfathered, non-OATT agreements; and Transmission Provider's Point-to-Point Transmission Customers' projected service needs including obligations for rollover rights.

1.7. TSP Re-Study Request: shall mean a request by an Eligible Customer to model the ability of specific upgrades or other investments to the Transmission System or Demand Resources, not otherwise considered in the draft Transmission System Plan (produced pursuant to Section 2 of Attachment K), to reduce the cost of reliably serving the forecasted needs of the Transmission Provider and its customers set forth in the Transmission System Plan.

1.8. TEPPC: shall mean Transmission Expansion Policy and Planning Committee or its successor committee within WECC.

1.9. WECC: shall mean Western Electricity Coordinating Council or its successor organization.

2. Local Planning Process

2.1. Preparation of a Transmission System Plan

2.1.1. With the input of affected stakeholders, Transmission Provider shall prepare one (1) Transmission System Plan during each two-year planning cycle. The Transmission System Plan on its own does not effectuate any transmission service requests. A Point-to-Point transmission service request must be made as a separate and distinct submission by an Eligible Customer in accordance with the procedures set forth in Part II of the Tariff and posted on the Transmission Provider's OASIS. Similarly, Network Customers must submit Network Resource and load additions/removals pursuant to the process described in Part III of the Tariff. The Transmission System Plan shall study a ten (10) year planning horizon.

2.1.2 The Transmission Provider shall consider the information obtained pursuant to Section 2.4 below in the preparation of the next planning cycle Transmission System Plan. Transmission Provider may, following stakeholder input, also include results of completed Economic Congestion Studies, completed pursuant to Section 2.7 below, in either the draft Transmission System Plan or the next planning cycle, depending on whether the study was requested in Quarter 1 or Quarter 5. In developing the Transmission System Plan, Transmission Provider shall apply applicable reliability criteria, including criteria established by the Transmission Provider, the Western Electricity Coordinating Council, the North American Electric Reliability Corporation, and the Federal Energy Regulatory Commission.

2.1.3. The Transmission Provider shall take the Transmission System Plan into consideration, to the extent required by state law, when preparing its next state required integrated resource plan and, as appropriate, when preparing system impact studies, facilities studies and other feasibility studies.

2.1.4. The Transmission Provider may evaluate the draft Transmission System Plan by modeling the effects of TSP Re-Study Requests timely submitted by Eligible Customers in accordance with Sections 2.2.2.4 and 2.4, below. The Transmission Provider may, at its discretion, modify the draft Transmission System Plan

before finalization to incorporate results from a TSP Re-Study.

2.1.5. The Transmission Provider shall conduct a Planning Meeting during each quarter in the planning cycle to present a status report on the Transmission System Plan, summarize the substantive results at each quarter, present drafts of documents, and/or receive comments. The meetings shall be open to all stakeholders, including but not limited to Eligible Customers, other transmission providers, federal, state and local commissions and agencies, trade associations, and consumer advocates. The date and time of the Planning Meeting shall be posted on Transmission Provider's OASIS, and may be held on no less than ten (10) business days notice. The location of the Planning Meeting shall be as selected by the Transmission Provider, or may be held telephonically or by video or internet conference.

2.2. Coordination

2.2.1. Planning cycle. Transmission Provider shall prepare the Transmission System Plan over two year planning cycle over eight (8) quarters. Planning cycles will commence biennially pursuant to the schedule identified in the transmission planning business practice posted on PacifiCorp's OASIS.

2.2.2. Sequence of Events.

2.2.2.1. Quarter 1: Transmission Provider will gather: (1) Network Customers' projected loads and resources, and load growth expectations (based on annual updates under Part III of the Tariff and other information available to the Transmission Provider); (2) Transmission Provider's projected load growth and resource needs for Native Load Customers; (3) Eligible Customers' projections of Point-to-Point Transmission Service usage at each receipt and delivery point (based on information submitted by Eligible Customers to the Transmission Provider pursuant to Section 2.3.1.1 below) including projected use of rollover rights; and (4) information from all Transmission and

Interconnection Customers concerning existing and planned Demand Resources and their impacts on demand and peak demand.

The Transmission Provider shall take into consideration, to the extent known or which may be obtained from its Transmission Customers, obligations that will either commence or terminate during the planning cycle. Any stakeholder may submit data to be evaluated as part of the preparation of the draft Transmission System Plan, including alternate solutions to the identified needs set out in prior Transmission System Plans. In doing so, the stakeholder shall submit the data as specified in the Transmission Provider's transmission planning business practice available at:

<http://www.oasis.pacificorp.com/oasis/ppw/PlanningPracticesDocument.pdf>.

Transmission Provider shall use data Point-to-Point Transmission Service usage forecasts and Demand Resources forecasts to determine system usage trends, and such forecasts do not obligate the Transmission Provider to construct facilities until formal requests for either Point-to-Point Transmission Service or Generator Interconnection Service requests are received pursuant to Parts II and IV of the Tariff.

Transmission Customers may submit Quarter 1 Economic Congestion Study Requests, in accordance with Section 2.7, by the dates identified in the Transmission Provider's transmission planning business practice posted on its OASIS.

During the Quarter 1 Planning Meeting, Transmission Provider shall generally address the status of the TSP process, summarize the substantive results of the quarter, present drafts of documents, and accept comments from stakeholders. During the Quarter 1 Planning Meeting, Transmission Provider shall also specifically:

- Explain planning process;

- Present proposed planning goals and discuss with stakeholders;
- Discuss data collected and discuss adequacy of data, as well as additional data required;
- Discuss priority of Economic Congestion Study Requests; and
- Discuss creation, scope, and membership of local area focus groups.

2.2.2.2. Quarter 2: Transmission Provider will, with stakeholder input, define and post on OASIS the basic methodology, planning criteria, assumptions, databases, and processes the Transmission Provider will use to prepare the Transmission System Plan. The Transmission Provider will also select appropriate base cases from the databases maintained by the WECC, and determine the appropriate changes needed for the Transmission System Plan development. The Transmission Provider may adjust any base case to make that base case consistent with local planning assumptions and data.

Transmission Provider will also select up to one high priority Economic Congestion Study Request, with stakeholder input, to conduct during the first year of the planning cycle.

All stakeholder submissions will be evaluated on a basis comparable to data and submissions required for planning the transmission system for both retail and wholesale customers, and solutions will be evaluated based on a comparison of their relative economics and ability to meet reliability criteria.

During the Quarter 2 Planning Meeting, Transmission Provider shall generally address the status of the TSP process, summarize the substantive results of the quarter, present drafts of documents, and accept comments from stakeholders. During the Quarter 2 Planning Meeting, Transmission Provider shall also specifically:

- Present finalized methodology/planning criteria/process to be used;
- Present final planning goals and discuss with stakeholders;
- Present proposed assumptions and discuss with stakeholders;
- Present a proposed Economic Congestion Study, or cluster of studies, to conduct during the first year of the planning cycle; and
- Present selected base case and scenarios to be studied

2.2.2.3. Quarters 3 and 4: Transmission Provider will prepare and post on OASIS a draft Transmission System Plan. The Transmission Provider may elect to post interim iterations of the draft Transmission System Plan, and solicit public comment prior to the end of the applicable quarter.

During the Quarters 3 and 4 Planning Meetings, Transmission Provider shall generally address the status of the TSP process, summarize the substantive results of the quarter, present drafts of documents, and accept comments from stakeholders.

During the Quarter 3 Planning Meeting, Transmission Provider shall also specifically:

- Discuss status of local planning process and any interim iterations of the draft Transmission System Plan.

During the Quarter 4 Planning Meeting, Transmission Provider shall also specifically:

- Discuss draft Transmission System Plan.

2.2.2.4. Quarter 5: Eligible Customers may submit TSP Re-Study Requests to the Transmission Provider as set out in Section 2.4. Any stakeholder may submit comments, additional information about new or changed circumstances relating to loads, resources, transmission

projects or alternative solutions to be evaluated as part of the preparation of the draft Transmission System Plan, or submit identified changes to the data it provided in Quarter 1. The level of detail provided by the stakeholder should match the level of detail described in Quarter 1 above.

Requests received subsequent to Quarter 5 will only be considered during the planning cycle if the Transmission Provider can accommodate the request without delaying completion of the Transmission System Plan.

Transmission Customers may submit Quarter 5 Economic Congestion Study Requests, in accordance with Section 2.7, by the dates identified in the Transmission Provider's transmission planning business practice posted on its OASIS.

All stakeholder submissions will be evaluated on a basis comparable to data and submissions required for planning the transmission system for both retail and wholesale customers, and solutions will be evaluated based on a comparison of their relative economics and ability to meet reliability criteria.

During the Quarter 5 Planning Meeting, Transmission Provider shall generally address the status of the TSP process, summarize the substantive results of the quarter, present drafts of documents, and accept comments from stakeholders. During the Quarter 5 Planning Meeting, Transmission Provider shall also specifically:

- Discuss TSP Re-Study Requests received by the Transmission Provider;
- Seek input from stakeholders on the selection of TSP Re-Study Requests; and
- Present a proposed Economic Congestion Study, or cluster of studies, to conduct during the second year of the planning cycle.

2.2.2.5. Quarter 6: Transmission Provider will model and consider the selected TSP Re-Study Requests and Economic Congestion Studies accepted in the prior quarter with the draft Transmission System Plan. Transmission Provider will also conduct the Quarter 5 economic planning study, or cluster of studies.

During the Quarter 6 Planning Meeting, Transmission Provider shall generally address the status of the TSP process, summarize the substantive results of the quarter, present drafts of documents, and accept comments from stakeholders. During the Quarter 6 Planning Meeting, Transmission Provider shall also specifically:

- Discuss the status, and any preliminary findings, of any TSP Re-Study Requests modeled with draft Transmission System Plan; and
- Discuss the status, and any preliminary findings of the Quarter 5 Economic Congestion Study.

2.2.2.6. Quarter 7: Transmission Provider will finalize and post on OASIS the Transmission System Plan taking into consideration appropriate TSP Re-Study Request results, written comments received by the owners and operators of interconnected transmission systems, written comments received by Transmission Customers and other stakeholders, and timely comments submitted during Planning Meetings at study milestones.

During the Quarter 7 Planning Meeting, Transmission Provider shall generally address the status of the TSP process, summarize the substantive results of the quarter, present documents, and accept comments from stakeholders. During the Quarter 7 Planning Meeting, Transmission Provider shall also specifically:

- Discuss Final Transmission System Plan;
- Discuss the results of any TSP Re-Study Request and whether the results were incorporated into the Final Transmission System Plan; and

- Discuss the results of the Quarter 5 Economic Congestion Study.

2.2.2.7. Quarter 8: The Transmission Provider shall post the Transmission System Plan on its OASIS and send the TSP to the sub-regional and regional entities conducting similar planning efforts, interested stakeholders, and the owners and operators of the neighboring interconnected transmission system.

During the Quarter 8 Planning Meeting, Transmission Provider shall generally address the status of the TSP process, summarize the substantive results of the quarter, present documents, and accept comments from stakeholders. During the Quarter 8 Planning Meeting, Transmission Provider shall also specifically:

- Discuss the submittal of Transmission System Plan to sub-regional and regional entities, and any required coordination with other Transmission Providers.

2.2.3. Focus Groups. Transmission Provider may, at its discretion but with stakeholder input, establish focus groups during Quarter 1 to address specific, identified area planning issues. The Transmission Provider may, at its discretion, establish additional focus groups at anytime during the planning process to address significant legislative or regulatory changes affecting either stakeholders or the Transmission Provider. The focus group will review available data and the impact of any previous Transmission System Plan on Transmission Service to the identified area, and provide recommendations to the Transmission Provider to be considered for incorporation into the planning assumptions and/or final Transmission System Plan. Membership to the focus groups will be open to all stakeholders, Network Customers, and Eligible Customers. The Transmission Provider will act as the facilitator for the focus group. The focus group shall address as many issues as possible via email and teleconference. Each focus group shall select a chairperson to set the timeline

for discussion and developing recommendations within the scope of 8 Quarter Planning Cycle. All recommendations of the focus group must be based on the consensus of the focus group.

2.3. Information Exchange

2.3.1. Forecasts

2.3.1.1. Each Point-to-Point Transmission Customer shall, during Quarter 1 of each planning cycle, submit to the Transmission Provider its good-faith projected ten (10) year forecast of its transmission service needs. The forecast shall specify the Point of Receipt and Point of Delivery at the bus level. Forecasts shall specify the hourly values for the forecast period, or conversely provide an annual hourly shape to be applied to the forecast period.

2.3.1.2. Each Network Customer shall, pursuant to Part III of the Tariff and/or its Network Operating Agreement, submit to the Transmission Provider its good-faith ten (10) year load and resources forecast including existing and planned Demand Resources and their impacts on demand and peak demand. The forecast shall specify the hourly demand values for the forecast period, or conversely provide an annual hourly load shape than can be applied to the forecast period. Transmission Provider shall use the most recent forecast available during Quarter 1 of the planning cycle in the development of the TSP.

2.3.1.3. The Transmission Provider on behalf of Native Load Customers shall, during each planning cycle, submit to the Transmission Provider its good-faith ten (10) year load and resources forecast including existing and planned Demand Resources and their impacts on demand and peak demand. The forecast shall specify the hourly demand values for the forecast period, or conversely provide an annual hourly load shape that can be applied to the forecast period. Transmission Provider shall use the most recent

forecast available during Quarter 1 of the planning cycle in the development of the TSP.

2.3.2. Participation. If any Eligible Customer or stakeholder fails to provide data or otherwise participate as described in this Attachment K, then the Transmission Provider shall not be obligated to include the eligible customer's requirements in the Transmission Provider's planning obligations. If any Network Customer fails to provide data or otherwise participate as required by this Attachment K, the Transmission Provider shall plan the system based on the most recent load and resource data received, adjusted for recent observed Network Customer usage patterns.

2.4. TSP Re-Study Requests

2.4.1. During Quarter 5, an Eligible Customer may submit a TSP Re-Study Request to the Transmission Provider, along with all data in its possession supporting the request to be modeled. Transmission Provider shall identify the form for a TSP Re-Study Request and identify minimum required data to accompany the request in its transmission planning business practice. After reviewing a TSP Re-Study Request, the Transmission Provider may identify additional data requirements. The Eligible Customer submitting the TSP Re-Study Request shall work in good faith to assist the Transmission Provider in gathering all necessary data to perform the modeling request. To the extent necessary, any coordination between the requesting Eligible Customer and the Transmission Provider shall be subject to appropriate confidentiality requirements, as set out in Section 2.11.3 below.

2.4.2. The Transmission Provider may cluster or batch TSP Re-Study Requests so that the Transmission Provider is able to model the requests in the most efficient manner. The Transmission Provider may prioritize the study requests based upon its evaluation of study requests that present the most significant opportunities to reduce overall costs of the Transmission System Plan while reliably serving

the load growth needs being studied in the Transmission System Plan.

2.4.3. The Transmission Provider shall notify the requester of an TSP Re-Study Request within ten (10) business days of receipt of a completed TSP Re-Study Request whether or not the study request will be included as part of the Transmission System Plan evaluation during Quarter 5 of the planning cycle, or whether additional information is required to make an appropriate determination.

2.5. OASIS Posting Requirements

2.5.1. The Transmission Provider shall maintain on its OASIS all information related to this Attachment K including a subscription service whereby any stakeholder or Transmission Customer may register to receive e-mail notices and materials related to the Transmission System Plan process.

2.5.2. Content of OASIS Postings. Transmission Provider shall post on its OASIS the planning information and links to publicly available documents identified below:

2.5.2.1. The transmission planning business practice along with the procedures for modifying the business practice;

2.5.2.2. Planning cycle timeline;

2.5.2.3. Each TSP Re-Study Request, and response from the Transmission Provider;

2.5.2.4. The minutes of each quarterly Planning Meeting;

2.5.2.5. In advance of its discussion at any Planning Meeting, all materials to be discussed;

2.5.2.6. Written comments submitted to the Transmission Provider in relation to the Transmission System Plan;

2.5.2.7. The draft, interim (if any), and final versions of the Transmission System Plan;

2.5.2.8. At a minimum, the final version of all completed Transmission System Plans for the three previous planning cycles;

2.5.2.9. Aggregated load forecasts representing the Transmission Provider's total transmission service forecast for its transmission system;

2.5.2.10. Summary list of Critical Energy Infrastructure Information submitted during the planning process;

2.5.2.11. Links to relevant NTTG agreements, charters, and documents; and

2.5.2.12. Links to relevant WECC and WECC TEPPC agreements, charters, and documents.

2.5.3. Database Access. A stakeholder may receive read-only access from the Transmission Provider to the database and all changes to the database used to prepare the Transmission System Plan according to the database access rules established by the WECC and upon certification to the Transmission Provider that the stakeholder is permitted to access such database. Unless expressly ordered to do so by a court of competent jurisdiction or regulatory agency, the Transmission Provider has no obligation to disclose database information to any stakeholder that does not qualify for access.

2.6. Cost Allocation. Cost allocation principles expressed here are applied in a planning context of transparency and do not supersede cost obligations as determined by other parts of the Tariff which include but are not limited to transmission service requests, generation interconnection requests, Network Upgrades, Direct Assigned Facilities, or other cost allocation principles as may be determined by any state having jurisdiction over the Transmission Provider.

2.6.1. Individual Transmission Service Request Costs Not Considered. The costs of upgrades or other

transmission investments subject to an existing transmission service request pursuant to the Tariff are evaluated in the context of that transmission service request. Nothing contained in this Attachment K shall relieve or modify the obligations of the Transmission Provider or the requesting Transmission Customer contained in the Tariff.

2.6.2. Rate Recovery. Notwithstanding any other section of this Attachment K, Transmission Provider will not assume cost responsibility for any project if the cost of the project is not reasonably expected to be recoverable in its retail and/or wholesale rates.

2.6.3. Categories of Included Costs. The Transmission Provider shall categorize projects set forth in the Transmission System Plan for allocation of costs into the following types:

2.6.3.1. Type 1: Type 1 transmission line costs are those related to the provision of service to the Transmission Provider's Network and Native Load Customers. Type 1 costs include, to the extent such agreements exist, costs related to service to others pursuant to grandfathered transmission agreements.

2.6.3.2. Type 2: Type 2 costs are those related to Point-to-Point Transmission Service and requests for service.

2.6.3.3. Type 3: Type 3 costs are those incurred specifically as alternatives to (or deferrals of) transmission line costs (typically Type 1 projects), such as the installation of distributed resources (including distributed generation, load management and energy efficiency). Type 3 costs do not include Demand Resources projects which do not have the effect of deferring or displacing Type 1 costs.

2.6.4. Cost Allocation Principles. Unless an alternative cost allocation process is utilized and described in the Transmission System Plan, the Transmission Provider shall identify anticipated cost allocations in the Transmission System Plan based upon

the end-use characteristics of the project according to categories of costs set forth above and the following principles:

2.6.4.1. Principle 1: The Commission's regulations, policy statements and precedent on transmission pricing shall be followed.

2.6.4.2. Principle 2: To the extent not in conflict with Principle 1, costs will be allocated consistent with the provisions of Section 3.7 of this Attachment K.

2.7. Economic Planning Studies

2.7.1. Economic Congestion Study Requests. Any Eligible Customer or stakeholder may submit an Economic Congestion Study Request during either Quarter 1 or Quarter 5 of the planning cycle, pursuant to the procedures specified in the transmission planning business practice. Transmission Provider will complete up to two high priority Economic Congestion Studies during the planning cycle: one during the first year of the biennial planning cycle and one during the second year of the biennial planning cycle. Transmission Provider shall complete additional Economic Congestion Studies at the sole expense of the parties requesting such studies. Transmission Provider may choose to contract, at its discretion, with a qualified third-party to perform Economic Congestion Studies.

2.7.2. Categorization of Economic Congestion Studies. The Transmission Provider will categorize each Economic Congestion Study Request as local, sub-regional, or regional. If the Economic Congestion Study Request is categorized as sub-regional or regional, the Transmission Provider will notify the requesting party and forward the Economic Congestion Study Request to NTTG for consideration and processing under NTTG's procedures.

2.7.2.1. Local Economic Congestion Studies. If the Economic Congestion Study Request (1) identifies Point(s) of Receipt and Point(s) of Delivery that are all within the Transmission

Provider's scheduling system footprint and the Point(s) of Receipt and Point(s) of Delivery utilize only the Transmission Provider's scheduling paths, or (2) is otherwise reasonably determined by Transmission Provider to be a local request from a geographical and electrical perspective, including, but not limited to, an evaluation determining that the study request does not affect other interconnected transmission systems, the study request will be considered local and will be prioritized under this Section 2.

2.7.2.2. Sub-regional Economic Congestion Studies. If the Economic Congestion Study Request (1) identifies Point(s) of Receipt and Point(s) of Delivery that are all within the NTTG scheduling system footprint, as determined by the NTTG Transmission Use Committee, and the Point(s) of Receipt and Point(s) of Delivery utilize only NTTG Funding Agreement member scheduling paths, or (2) is otherwise reasonably determined by Transmission Provider to be a sub-regional request from a geographical and electrical perspective, including, but not limited to, an evaluation determining that the study request utilizes the interconnected transmission systems of NTTG Funding Agreement members, the study request will be considered sub-regional and will be processed under Section 3.

2.7.2.3. Regional Economic Congestion Studies. If the Economic Congestion Study Request identifies a Point of Receipt or Point of Delivery within the NTTG scheduling system footprint as determined by the NTTG Transmission Use Committee and (1) the Point of Receipt and Point of Delivery are all within the WECC scheduling system footprint; and (2) the Point of Receipt and Point of Delivery utilize only WECC member scheduling paths, the study request will be considered regional and will be processed under Section 4. In the alternative, if the Economic Study Request is reasonably determined by Transmission Provider to be a regional request from a geographical and electrical perspective,

including, but not limited to, an evaluation determining that the study request utilizes only WECC member interconnected transmission systems, the study request will be considered regional and will be processed under Section 4.

2.7.2.4. Economic Congestion Study Requests Not Applicable. To be considered by the Transmission Provider, any Economic Congestion Study Request must contain (1) at least one Point of Receipt or Point of Delivery within the Transmission Provider's scheduling footprint, or (2) be reasonably determined by Transmission Provider to be geographically located within the Transmission Provider's scheduling footprint.

2.7.3. Prioritization. Transmission Provider shall categorize and prioritize, with stakeholder input, one Economic Congestion Study Request to study as part of the local planning process each year of the biennial planning cycle. In the event that more than two Economic Congestion Study Requests are received by the Transmission Provider during either Quarter 1 or Quarter 5, the Transmission Provider shall determine Economic Congestion Study will be performed based on (i) evaluation of requests that present the most significant opportunities to reduce overall costs of the Transmission System Plan while reliably serving the load growth needs being studied in the Transmission System Plan, (ii) the date and time of the request, and (iii) input from stakeholders at the Planning Meetings.

2.7.4. Requests. Any Transmission Customer or stakeholder may submit an Economic Congestion Study Request to the Transmission Provider, along with the required data. The specific form for submitting an Economic Congestion Study Request and supporting data requirements shall be posted on the Transmission Provider's OASIS or maintained as part of the transmission planning business practice. The party submitting an Economic Congestion Study Request shall work in good faith to assist the Transmission Provider in gathering the data necessary to perform the modeling request. To the extent necessary, any coordination between the requesting party and the

Transmission Provider shall be subject to appropriate confidentiality requirements, as set out in Section 2.11.3 below.

2.7.4.1. The Transmission Provider shall notify the requesting party within ten (10) business days of receipt of a completed Economic Congestion Study Request whether or not the request will be included and prioritized as part of the Transmission System Plan evaluation during Quarter 1 or Quarter 5 of the biennial planning cycle, or whether additional information is required to make an appropriate determination.

2.7.4.2. If the Transmission Provider determines that a specific Economic Congestion Study Request will not be modeled as part of the planning cycle, the requesting party may request that the Transmission Provider conduct the Economic Congestion Study at the requesting party's expense. In this event, the Transmission Provider shall tender an agreement setting forth the estimated cost of the study, the specific data and assumptions, and any other relevant information. The requesting party shall be responsible for the actual cost of the Economic Congestion Study.

2.7.4.3. The Transmission Provider shall consider all unaccommodated Economic Congestion Study Requests submitted during the following planning cycle, unless the requesting party withdraws its Economic Congestion Study Request or the Transmission Provider determines that the basis for the request has changed or otherwise been mitigated.

2.7.4.4. If the Transmission Provider can feasibly cluster or batch requests, it will make efforts to do so. Economic Congestion Study Requests will be clustered and studied together if all of the Point(s) of Receipt and Point(s) of Delivery match one another, or, in the alternative, it is reasonably determined by Transmission Provider that the Economic Study Requests are

geographically and electrically similar, and can be feasibly and meaningfully studied as a group.

2.7.5. Results of the Economic Congestion Studies shall be reported as part of the draft and final Transmission System Plan, and provided to the requesting party and interested stakeholders. Results from the first Economic Congestion Study will be used to evaluate the draft Transmission System Plan to determine whether that plan is the most reliable and economic plan of service. Results from the second Economic Congestion Study will be used to develop the draft Transmission System Plan during the following planning cycle.

2.8. Recovery of Planning Costs. Unless Transmission Provider allocates planning-related costs to an individual stakeholder as permitted under the Tariff, all costs incurred by the Transmission Provider related to the Transmission System Planning process, or as part of sub-regional or regional planning process, shall be included in the Transmission Provider's transmission rate base.

2.9. Dispute Resolution Relative to Compliance with Attachment K and Transmission System Plan

2.9.1. Process. The following process shall be utilized by all Eligible Customers and stakeholders to address procedural and substantive concerns over the Transmission Provider's compliance with this Attachment K and development of the Transmission System Plan:

2.9.1.1. Step 1: Any stakeholder may initiate the dispute resolution process by sending a letter to the Transmission Provider. Upon receipt of such letter, the Transmission Provider shall set up a meeting with the senior representatives from each of the disputing parties, at a time and place convenient to such parties, within 30 days after receipt of the dispute letter. The senior representatives shall engage in direct dialogue, exchange information as necessary, and negotiate in good faith to resolve the dispute. Any other stakeholder that believes it has an interest in the dispute may participate. The senior

representatives will continue to negotiate until such time as (i) the dispute letter is withdrawn, (ii) the parties agree to a mutually acceptable resolution of the disputed matter, or (iii) after 60 days, the parties remain at an impasse.

2.9.1.2. Step 2: If Step 1 is unsuccessful in resolving the dispute, the next step shall be mediation, among those parties involved in this dispute identified in Step 1 that are willing to mediate. The parties to the mediation shall share equally the costs of the mediator and shall each bear their own respective costs. Upon agreement of the parties, the parties may request that the Commission's Alternate Dispute Resolution Service serve as the mediator of the dispute.

2.9.2. Confidential Nature of Negotiations. All negotiations and proceedings pursuant to this process are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence and any additional confidentiality protections provided by applicable law.

2.9.3. Timeline. Disputes over any matter shall be raised timely; provided, however, in no case shall a dispute as set forth in Section 2.9.1., be raised more than 30 days after a decision is made in the study process or the posting of a milestone document, whichever is earlier, to facilitate the timely completion of the Transmission System Plan.

2.9.4. Expedited Process. The Transmission Provider may, if it reasonably believes that the dispute will impede the planning cycle and issuance of either the draft or final Transmission System Plan, may disclose and discuss the dispute at the next quarterly meeting for stakeholder discussion. Any resolution reached during the quarterly Planning Meeting shall not affect the right of a party to initiate complaint proceedings at the Commission.

2.9.5. Rights. Nothing contained in this Section 2.9 shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the Federal Power Act.

2.10. Transmission Business Practices. The Transmission Provider's transmission planning business practice shall provide additional detail explaining how the Transmission Provider will implement this Attachment K during each planning cycle. The business practice detail shall include: forms for submitting a TSP Re-Study Request; forms for submitting an Economic Congestion Study Request; a schedule and sequence of events for preparing the Transmission System Plan; additional details associated with cost allocation; a description of the sub-regional and regional planning process to which the Transmission System Plan will be submitted; a description of how the Transmission System Plan will be considered in the Transmission Provider's next state required integrated resource plan; a list of the other transmission systems to which the Transmission Provider's Transmission System is directly interconnected; and contact information for the individual responsible for implementation of this Attachment K.

2.11. Openness

2.11.1. Participation. All affected stakeholders may attend Transmission System Plan meetings and/or submit comments, TSP Re-Study Requests, Economic Congestion Study Requests, or other information relevant to the planning process. Transmission Provider may establish focus groups as part of the planning process to facilitate specific planning efforts.

2.11.2. Critical Energy Infrastructure Information (CEII). Any stakeholder and the Transmission Provider participating in the planning process must agree to adhere to the Commission's guidelines concerning Critical Energy Infrastructure Information (CEII), as set out in the Commission's regulations in 18 C.F.R. Part 388 (or any successor thereto) and associate orders issued by the Commission. Additional information concerning CEII, including a summary list of data that is determined by the supplying party to be deemed CEII, shall be posted by the Transmission Provider on OASIS, and updated regularly.

2.11.3. Confidential Information. Stakeholders and the Transmission Provider shall identify each confidential document supplied during the transmission planning

process. Any stakeholder or the Transmission Provider seeking access to such confidential information must agree to adhere to the terms of a confidentiality agreement. The form of Transmission Provider's confidentiality agreement shall be developed initially by the Transmission Provider and posted on OASIS. Thereafter, stakeholders shall have an opportunity to submit comments on the form of confidentiality agreement. Confidential information shall be disclosed in compliance with Standards of Conduct, and only to those participants in the planning process that require such information and that execute the confidentiality agreement; provided, however, any such information may be supplied to (i) federal, state or local regulatory authorities that request such information and protect such information subject to non-disclosure regulations, or (ii) upon order of a court of competent jurisdiction.

3. Sub-regional Planning Process

3.1. Transmission Provider is a member of NTTG, and uses the NTTG process for sub-regional planning, coordination with adjacent sub-regional groups and other planning entities, and proposals to WECC TEPPC for regional planning. Participants in NTTG have committed to working with one another and with affected stakeholders and state officials, to increase efficient use of the grid and to develop the infrastructure needed to deliver new renewable and thermal power resources to consumers. Transmission Provider, as a member of NTTG, has committed to support the sub-regional planning process through funding NTTG and providing employee support of NTTG planning and administration efforts. Stakeholders may participate in NTTG's activities and programs at their discretion; provided, however, stakeholders that intend to submit an Economic Congestion Study Request or engage in dispute resolution as set out in this Section 3 are expected to participate in the NTTG planning process through the NTTG planning committee. Eligible Customers and stakeholders may participate directly in the NTTG processes or participate indirectly through the Transmission Provider via development of the Transmission System Plan. For additional information, including a map containing the current geographic footprint of NTTG, please see

<http://www.oasis.pacificorp.com/oasis/ppw/PlanningPracticesDocument.pdf>.

3.2. Transmission Provider Coordination with NTTG. The Transmission Provider will participate in the sub-regional planning process as described in the Transmission Provider's transmission planning business practice, available at: <http://www.oasis.pacificorp.com/oasis/ppw/PlanningPracticesDocument.pdf>.

In accordance with this process, the Transmission Provider and NTTG will conform to the following obligations:

3.2.1. Transmission Provider will collect customer data and consolidate load service and other transmission service requests through the local planning process described in Section 2 above.

3.2.2. Transmission Provider will provide NTTG with its Transmission System Plan incorporating all of the transmission service forecasts for its Transmission System.

3.2.3. Subject to appropriate Critical Energy Infrastructure Information restrictions, Transmission Provider will post planning criteria and assumptions adopted by NTTG, and all NTTG study results on Transmission Provider's OASIS.

3.2.4. NTTG will conduct its planning process to identify needs, least cost expansion project alternatives, technical benefits, and projected costs.

3.2.5 NTTG will select beneficial expansion sub-regional projects and address cost allocation among participating Transmission Providers.

3.3. Study Process. Transmission Provider will support the NTTG processes as a member of NTTG to establish a coordinated sub-regional study process, involving both economic and reliability components, as outlined in the NTTG planning committee charter, which is approved by the NTTG Steering Committee. The current NTTG planning committee charter can be accessed via direct links in Transmission Provider's transmission planning business

practice available at <http://www.oasis.pacificorp.com/oasis/ppw/PlanningPracticesDocument.pdf> and also on NTTG's website at www.nttg.biz. As part of the sub-regional study process, the planning committee will biennially prepare a long-term (10 year) bulk transmission expansion plan, while taking into consideration up to a twenty year planning horizon. The comprehensive transmission planning process will be comprised of the following milestone activities during an eight (8) quarter study cycle as outlined below:

3.3.1. Quarter 1: Gather and coordinate Transmission Provider and stakeholder input applicable to the planning horizon. Any stakeholder may submit data to be evaluated as part of the preparation of the draft transmission plan, including alternate solutions to the identified needs set out in Transmission System Plans and prior subregional and regional plans. In doing so, the stakeholder shall submit the data as specified in Transmission Provider's transmission planning business practice available at: <http://www.oasis.pacificorp.com/oasis/ppw/PlanningPracticesDocument.pdf>

3.3.2. Quarter 2: Identify the loads, resources, transmission requests, desired flows, constraints, and other technical data needed to be included and monitored during the study period. All stakeholder submissions will be evaluated on a basis comparable to data and submissions required for planning the transmission system for both retail and wholesale customers, and solutions will be evaluated based on a comparison of their relative economics and ability to meet reliability criteria. The methodology, criteria, assumptions, databases, and identification of the analysis tools will be established and posted for comment and direction by stakeholders and planning committee members.

3.3.3. Quarters 3 and 4: Conduct power flow modeling of system loads, resources, and improvements to evaluate preliminary feasibility and reliability of the system, and produce a draft transmission plan for public and stakeholder comment.

3.3.4. Quarter 5: Facilitate stakeholder review and comment on the draft plan. Any stakeholder may submit comments, additional information about new or changed circumstances relating to loads, resources, transmission projects or alternative solutions to be evaluated as part of the preparation of the draft transmission plan, or submit identified changes to data it provided in Quarter 1. The level of detail provided by the stakeholder should match the level of detail described in Quarter 1 above. The NTTG planning committee will collect, prioritize and select Economic Study Requests for consideration and determination of possible congestion and modification to the draft plan. All stakeholder submissions will be evaluated on a basis comparable to data and submissions required for planning the transmission system for both retail and wholesale customers, and solutions will be evaluated based on a comparison of their relative economics and ability to meet reliability criteria.

3.3.5. Quarter 6: Conduct up to two (2) production cost simulation studies per biennial study cycle. Document results and identify benefits in the cost allocation process.

3.3.6. Quarter 7: Facilitate stakeholder process for review and comment on the plan. Document and consider simultaneous feasibility of identified projects, cost allocation recommendations, and stakeholder comments.

3.3.7. Quarter 8: Submit final plan to the Steering Committee for approval, completing the biennial process. Share the final plan for consideration in the local and regional study processes.

Transmission Provider shall post the dates of the current NTTG planning cycle on its OASIS, along with notices for each upcoming sub-regional Planning Meeting which is open to all parties. Results of sub-regional and regional planning efforts will be considered in future Transmission System Planning cycles.

3.4. Stakeholder Participation

3.4.1. The NTTG planning committee charter shall define the planning committee's purpose, authority, operating structure, voting requirements, budget, and planning cycle. Any stakeholder may participate in NTTG planning committee meetings without signing the NTTG Planning Agreement. In addition, pursuant to the NTTG planning committee charter, voting membership in the NTTG's planning committee is open to membership by transmission providers and transmission developers engaged in or intending to engage in the sale of electric transmission service within the NTTG footprint, transmission users engaged in the purchase of electric transmission service within the NTTG footprint, or other entities which have, or have the intention of entering into, an interconnection agreement with a transmission provider within the NTTG footprint, and regulators and other state agencies within the NTTG footprint that are interested in transmission development.

To become a voting member of the planning committee, an entity in one of the specified classes (other than a state regulatory commission) must execute the NTTG planning agreement (attached as Exhibit A), consistent with its terms, and return the executed agreement to the Transmission Provider. Upon receipt of the signed agreement, the Transmission Provider shall notify the chair of the planning committee. The chair of the NTTG planning committee shall cause NTTG to maintain a list of all entities that execute the Planning Agreement on its website at http://nttg.biz/site/index.php?option=com_content&task=view&id=13&Itemid=85. Each signatory to the NTTG Funding Agreement is a third-party beneficiary of the Planning Agreement. NTTG has developed rules governing access to, and disclosure of, sub-regional planning data by members. Members of NTTG are required to execute standard non-disclosure agreements before sub-regional transmission planning data are released.

3.4.2. Any stakeholders may comment on NTTG study criteria, assumptions, or results at their discretion either through direct participation in NTTG or by submitting comments to Transmission Provider to be evaluated and consolidated with Transmission Provider's comments on the sub-regional plan,

criteria, and assumptions. The biennial planning process identifies when stakeholders have the opportunity to provide input into the elements of the sub-regional plan.

3.5. Economic Congestion Studies

3.5.1. Transmission Provider, as a member of NTTG, will participate in the NTTG processes to prioritize, categorize, and complete up to two (2) sub-regional Economic Congestion Studies per NTTG planning cycle, as outlined in NTTG's standardized process for congestion studies. The sub-regional Economic Congestion Studies will address those requests submitted by Eligible Customers and stakeholders to member Transmission Providers that are categorized as sub-regional or regional Economic Congestion Study Requests pursuant to Section 2.7. NTTG may submit requests for regional Economic Congestion Studies to the WECC pursuant to NTTG and WECC processes.

3.5.2. Within each planning cycle any Eligible Customer or stakeholder may request additional Economic Congestion Studies, or Economic Congestion Studies that were not prioritized for completion by NTTG, to be paid for at the sole expense of the requesting party. Such requests shall be made by the Eligible Customer or stakeholder to the Transmission Provider pursuant to Section 2.7 of this Attachment K. Transmission Provider will tender a study agreement that addresses, at a minimum, cost recovery for the Transmission Provider and schedule for completion.

3.5.3. NTTG will cluster and study together Economic Congestion Studies if all of the Point(s) of Receipt and Point(s) of Delivery match one another or, in the alternative, it is reasonably determined by NTTG that the Economic Congestion Study Requests are geographically and electrically similar, and can be feasibly and meaningfully studied as a group.

3.5.4. For an Economic Congestion Study Request to be considered by NTTG, Eligible Customers and stakeholders must submit all Economic Congestion Study Requests to the Transmission Provider pursuant to Section 2.7 of this Attachment K or directly to

another transmission provider that is a party to the NTTG Funding Agreement.

3.5.5. All Economic Congestion Study Requests received by the Transmission Provider will be categorized pursuant to Section 2.7 of this Attachment K. For an Economic Congestion Study Request to be considered by NTTG, the Eligible Customer or stakeholder making such request shall be a member of the NTTG planning committee.

3.6. Dispute Resolution.

3.6.1. Transmission Provider, signatories to the Planning Agreement, and Eligible Customers and stakeholders that participate in the sub-regional planning process shall utilize the dispute resolution process set forth in this Section 3.6 to resolve disputes related: to the integration of Transmission Provider's Transmission System Plan with the sub-regional expansion plan and associated cost allocation; to enforce compliance with the NTTG sub-regional study process; and to challenge a decision within a milestone document.

3.6.2. Disputes shall be resolved according to the following process:

Step 1 - In the event of a dispute, the disputing entity shall provide written notice of the dispute to the planning committee chair. An executive representative from the disputing entity shall participate in good faith negotiations with the planning committee to resolve the dispute. In the event the dispute is not resolved to the satisfaction of the disputing entity within 30 days of written notice of dispute to the planning committee chair, or such other period as may be mutually agreed upon, the disputing entity shall proceed to Step 2.

Step 2 - The planning committee chair shall refer the dispute to the steering committee. An executive representative from the disputing entity shall participate in good faith negotiations with the steering committee to resolve the dispute. Upon declaration of an impasse by the state co-chair of the

steering committee, the disputing entity shall proceed to Step 3.

Step 3 - If the dispute is one that is within the scope of the WECC dispute resolution procedures (including a dispute that may be accommodated through modification of the WECC dispute resolution procedures through invocation of Section C.4 thereof), the disputing entity shall follow the mediation process defined in Appendix C of the WECC bylaws. If the dispute is *not* one that is within the scope of the WECC dispute resolution procedures or the WECC otherwise refuses to accept mediation of the dispute, the disputing entity may utilize the Commission's dispute resolution service to facilitate mediation of the dispute. If the dispute cannot be resolved in Step 3, the disputing entity shall proceed to Step 4.

Step 4 - If the dispute is one that is within the scope of the WECC dispute resolution procedures (including a dispute that may be accommodated through modification of the WECC dispute resolution procedures through invocation of Section C.4 thereof), the disputing entity shall follow the binding arbitration process defined in Appendix C of the WECC bylaws. If the dispute is not one that is within the scope of the WECC dispute resolution procedures or the WECC otherwise refuses to accept arbitration of the dispute, the disputing entity may invoke the arbitration procedures set out in Article 12 of *pro forma* Open Access Transmission Tariff to resolve the dispute.

3.6.3 To facilitate the completion of the sub-regional transmission plan, disputes over any matter shall be raised timely; provided, however, in no case shall a dispute under this Section 3.6 be raised more than 30 days after a decision is made by the NTTG planning committee in the study process or the posting of a milestone document, whichever is earlier. Nothing contained in this Section 3.6 shall restrict the rights of any entity to file a complaint with the Commission under relevant provisions of the Federal Power Act.

3.7. Cost Allocation. The following approach will be utilized to allocate costs for those projects included in

the NTTG sub-regional plan, based on the following principles:

3.7.1. Open Season Solicitation of Interest. For any project identified in an NTTG planning study (for reliability and/or economic projects) in which Transmission Provider is a project sponsor, Transmission Provider may elect to provide an "open season" solicitation of interest to secure additional project participants. Upon a determination to hold an open season solicitation of interest for a project, Transmission Provider will:

3.7.1.1. Announce and solicit interest in the project through informational meetings, its website and/or other means of dissemination as appropriate.

3.7.1.2. Schedule meetings with stakeholders and/or state public utility commission staff.

3.7.1.3. Post information about the proposed project on its OASIS.

3.7.1.4. Guide negotiations and assist interested parties to determine cost responsibility for initial studies; guide the project through the applicable line siting processes; develop final project specifications and costs; obtain commitments from participants for final project cost shares; and secure execution of construction and operating agreements.

3.7.2. Projects without a Solicitation of Interest. Transmission Provider may elect to proceed with upgrades to the existing transmission system, or with load service, customer requested, and/or reliability transmission projects without an open season solicitation of interest, in which case Transmission Provider will proceed with the project pursuant to its rights and obligations as a Transmission Provider.

3.7.3. Coordination with NTTG. Transmission Provider, whether as a project sponsor or a project participant, will support NTTG by preparing and submitting recommendations for cost allocation associated with

the NTTG sub-regional plan projects to the NTTG Cost Allocation Committee and process, and ultimately the NTTG Steering Committee for approval. This Steering Committee approval will represent a non-binding sub-regional consensus of cost-allocation. In addition, Transmission Provider will coordinate as necessary with any other participant or sponsor, as the case may be, to integrate into its local transmission plan any planned project on or interconnected with its own system.

3.7.4. Allocation of Costs.

3.7.4.1. Proportional Allocation. For any project entered into by Transmission Provider where an open season solicitation of interest process has been used, the Transmission Provider will choose to allocate costs among project participants in proportion to investment or based on a commitment to transmission rights, unless the parties agree to an alternative mechanism for allocating project costs. The cost allocation is subject to review by the NTTG Cost Allocation Committee and Steering Committee. The review process conducted by the NTTG Cost Allocation Committee and the Steering Committee is described in detail in the NTTG Cost Allocation Committee Charter and the NTTG Steering Committee Charter, both of which can be accessed via links contained in Transmission Provider's transmission planning business practice available at <http://www.oasis.pacificorp.com/oasis/ppw/PlanningPracticesDocument.pdf> and also on NTTG's website at www.nttg.biz.

3.7.4.2. Negotiated Allocation. For any project entered into by Transmission Provider where an open season solicitation of interest process has not been used, project costs and associated transmission rights will be allocated as agreed to among prospective project participants and consistent with NTTG's Cost Allocation Principles, the link to which can be found in Transmission Provider's transmission planning business practice and also in NTTG's Cost Allocation Committee Charter on NTTG's website.

The cost allocation is subject to review by the NTTG Cost Allocation Committee and Steering Committee. The resulting participation agreement is subject to acceptance by the Commission. The review process conducted by the NTTG Cost Allocation Committee and the Steering Committee is described in detail in the NTTG Cost Allocation Committee Charter and the NTTG Steering Committee Charter, both of which can be found via direct links in Transmission Provider's transmission planning business practice available at <http://www.oasis.pacificorp.com/oasis/ppw/PlanningPracticesDocument.pdf> and also on NTTG's website at www.nttg.biz.

3.7.4.3. Economic Benefits or Congestion Relief. For a project that is undertaken for economic reasons or congestion relief, the project costs will be allocated to the party or parties requesting the project.

3.7.4.4. Exclusions. The cost for projects undertaken in connection with requests for interconnection or transmission service under Sections II, III, IV or V of the Tariff will be governed solely by the applicable cost allocation methods associated with those requests under the Tariff.

4. Regional Planning Process

4.1. Transmission Provider is a member of WECC and supports the work of WECC TEPPC. NTTG may utilize WECC TEPPC for consolidation and completion of congestion and Economic Congestion Studies, base cases, and other regional planning. NTTG may coordinate with other neighboring sub-regional planning groups directly, through joint study teams, or through the regional process. Eligible Customers and stakeholders may participate directly in the WECC processes, pursuant to participation requirements defined by WECC TEPPC, or participate indirectly through the Transmission Provider via development of the Transmission System Plan or through the NTTG process as outlined above in Section 3.

4.2. Transmission Provider Coordination. Transmission Provider will coordinate with WECC TEPPC for regional planning through its participation in NTTG. Transmission Provider will also use NTTG to coordinate with neighboring sub-regional planning groups including the CAISO, WestConnect, NWPP and Columbia Grid. The goal of NTTG's coordination on a regional basis on behalf of Transmission Provider is to (1) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data, and (2) identify system enhancements that could relieve congestion or integrate new resources. A description of the regional planning process is located in the Transmission Provider's transmission planning business practice, available at: <http://www.oasis.pacificorp.com/oasis/ppw/PlanningPracticesDocument.pdf>.

4.3. Study Process. WECC TEPPC's transmission planning protocol and information is available on the WECC website. A link to the WECC TEPPC process is maintained in the transmission planning business practice, available at <http://www.oasis.pacificorp.com/oasis/ppw/PlanningPracticesDocument.pdf> and on the Transmission Provider's OASIS.

4.4. Stakeholder Participation. Stakeholders have access to the regional planning process through NTTG's public Planning Meetings, other sub-regional planning groups, and WECC at their discretion.

4.5. Economic Congestion Studies. Transmission Provider will support, directly and through its participation in NTTG, the WECC TEPPC processes to prioritize and complete regional economic congestion studies requested by customers and stakeholders to each member transmission provider in each calendar year within the Western Electricity Coordinating Council's footprint as outlined in the standardized mechanism. Eligible Customers and stakeholders must submit all Economic Congestion Study Requests to the Transmission Provider pursuant to Section 2.7 of this Attachment K or directly to another party to the NTTG Funding Agreement. All Economic Congestion Study Requests received by the Transmission Provider will be categorized pursuant to Section 2.7 of this Attachment K.

4.6. Dispute Resolution. Regional dispute resolution will be pursuant to the process developed by WECC. Nothing contained in this Section 4.6 shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the Federal Power Act.

4.7. Cost Allocation. A Western Interconnection regional cost allocation methodology does not exist, therefore cost allocations for regional transmission projects, will be addressed on a case by case basis by parties participating in the project.



Exhibit A

Planning Agreement

This Planning Agreement ("Agreement") between the Transmission Provider and the undersigned is entered into by signing below.

Recitals

A. The Northern Tier Transmission Group's Transmission Planning Committee is charged with the task of producing a sub-regional transmission plan for the Northern Tier footprint¹, and coordinating the transmission plan and its development with other sub-regional planning groups and the Interconnection wide planning activities of the Western Electricity Coordinating Council ("WECC");

B. The Transmission Planning Committee (the "Planning Committee") operates according to the terms and conditions set forth in the Planning Committee Charter which may be amended from time-to-time by the Northern Tier Steering Committee (the "Steering Committee") and which is posted on the Northern Tier website, www.nttg.biz;

C. The Planning Committee Charter provides that any stakeholder may attend and participate in any Planning Committee meeting but limits those entities that may formally vote to those entities that execute this Agreement;

D. This Agreement is intended to document an entity's voting membership on the Planning Committee and commit the voting entity to act in a good faith manner to further the purpose of the Planning Committee, as described herein;

E. A list of all members of the Planning Committee is maintained on the Northern Tier website; and

F. The Planning Committee is funded by the signatories to the Northern Tier Funding Agreement, as it may be amended from time-to-time, and which has been filed with the Commission and posted on the website of the Northern Tier Transmission Group ("Funding Members").

NOW THEREFORE, in consideration of the mutual benefits and other good and valuable consideration the sufficiency of which are hereby recognized, the undersigned hereby agrees as follows:

Section 1 -Duration and Termination.

1.1 This Agreement is effective upon execution and shall continue in effect until terminated and the termination is made effective by the Federal Energy Regulatory Commission (the "Commission"); provided, however, the undersigned may independently terminate its participation in this Agreement after giving the Transmission Provider five (5) business days advance notice in writing or through electronic transmission.

Section 2 - Obligations of the Undersigned

2.1 By executing the signature page set forth below, the undersigned, asserts that it is eligible for membership in the requested membership class, and agrees that, if requested by the Transmission Provider or the Chair of the Planning Committee, it will provide documentation demonstrating eligibility, and further agrees to:

a. Act in a good faith manner to further the purpose of the Planning Committee Charter according to the terms and conditions of the Planning Committee and Steering Committee Charters, as each may be amended from time-to-time by the Steering Committee,

b. Be bound by the decisions of the Steering Committee and the Planning Committee, and/or resolve disputes according to the process set forth in section 3.6 of Attachment K;

c. The extent practicable, provide support from internal resources to achieve the purpose of the Planning Committee Charter

d. Bear its own costs and expenses associated with participation in and support of the Planning Committee;

e. Be responsible for the costs of meeting facilities and administration, including third-party contract resources, associated with such meetings, if undersigned requests, in writing to the Planning Committee Chair, that Northern Tier hold a planning committee meeting outside the normal cycle as described in the Planning Committee Charter; and

f. Execute non-disclosure agreements, as necessary, before receipt of transmission planning data.

Section 3 - Miscellaneous

3.1 Limit of Liability. Neither the Transmission Provider nor the undersigned shall be liable for any direct, incidental, consequential, punitive, special, exemplary, or indirect damages associated with a breach of this Agreement. The Transmission Provider and the undersigned's sole remedy for any breach of this Agreement is to enforce prospective compliance with this Agreement's terms and conditions.

3.2 No Joint Action. This Agreement shall not be interpreted or construed to create an association, joint venture or partnership, or to impose any partnership obligations or liability.

3.3 Ownership of Products. The undersigned agrees not to assert an ownership interest in products created by the efforts of the Planning Committee.

3.4 Amendments. The Transmission Provider retains the right to make a unilateral filing with the Commission to modify this Agreement under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations.

3.5 Waiver. A waiver by the Transmission Provider or the undersigned of any default or breach of any covenants, terms or conditions of this Agreement shall not limit the party's right to enforce such covenants, terms or conditions or to pursue its rights in the event of any subsequent default or breach.

3.6 Severability. If any portion of this Agreement shall be held to be void or unenforceable, the balance thereof shall continue to be effective.

3.7 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

3.8 Third Party Beneficiaries. All signatories of the NTTG Funding Agreement are third party beneficiaries of this Agreement.

3.9 Execution. The undersigned may deliver an executed signature page to the Transmission Provider by facsimile transmission.

3.10 Integration. This Agreement constitutes the entire agreement of the Transmission Provider and the undersigned. Covenants or representations not contained or incorporated herein shall not be binding upon the Parties.

IN WITNESS WHEREOF, the undersigned executes this Agreement on the date set forth below.

Requested Membership Class _____ Date: _____
(Print)

_____ (Signature)	_____ (Name of Company or Organization)	_____ (Phone)
_____ (Print Signature)	_____ (Street Address)	_____ (Fax)
_____ (Title)	_____ (City, State, Zip Code)	_____ (Email)

¹ The Northern Tier Transmission Group's footprint is defined by the service territories of those entities that have executed the Northern Tier Funding Agreement, as may be amended from time to time.

ATTACHMENT L

Creditworthiness Procedures

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 using quantitative and qualitative criteria to determine the level of secured and unsecured credit. These summary creditworthiness procedures are supplemented by detailed creditworthiness standards that are published on Transmission Provider's Open Access Same-Time Information System.

1. Summary of Credit Review Procedures

Upon application for Transmission Service and throughout the term of any Transmission Service Agreements, prospective and existing Transmission Customers will be deemed creditworthy and shall not be required to provide credit security so long as the Transmission Customer meets the creditworthiness criteria set forth below:

- a) The Transmission Customer is not currently in default under the Tariff and has not been in persistent default under the provisions of the Tariff; and
- b) The Transmission Customer or its guarantor provides evidence that its senior long-term unsecured debt rating, corporate rating, or issuer rating from Standard & Poor's (S&P) or Moody's Investor Service (Moody's) is at least BBB- or Baa3, respectively. Transmission Provider will use the lower of the ratings if split; or
- c) The Transmission Customer or its guarantor is a federal government agency and i) its financial obligations under the Tariff are backed by the full faith and credit of the United States, and/or ii) has the ability to raise rates to cover outstanding obligations; or
- d) The Transmission Customer or its guarantor is a state government agency and i) its financial obligations under the Tariff are backed by the full faith and credit of the state, and/or ii) has the ability to raise rates to cover outstanding obligations; or

e) The Transmission Customer or its guarantor demonstrates that it has been in business for at least two (2) years and provides its most recent two (2) fiscal year-end audited financial statements, its most recent annual report (as applicable), and its most recent quarter-end financial statements to Transmission Provider. The Transmission provider will determine if the Transmission Customer, or its guarantor, meets standards that are at least equivalent to the standards underlying the credit ratings of BBB- or better by S&P or Baa3 or better by Moody's based on a combination of quantitative and qualitative factors.

Quantitative factors may include:

- (i) Earnings and profitability
- (ii) Cash flow - ability to generate internal funding and cover interest payments
- (iii) Size (e.g., total assets, sales, etc.)
- (iv) Capital structure/leverage
- (v) Liquidity position

Qualitative factors may include:

- (i) Industry sector and business segment
- (ii) Operating History - includes years in business and payment history
- (iii) Management depth, quality, and track record
- (iv) Regulatory environment
- (v) Legal and contingent obligations
- (vi) Marketplace and geographic territory
- (vii) Competitiveness and reputation
- (viii) Risk management capabilities
- (ix) Operations quality
- (x) Financial flexibility

2. List of Acceptable Forms of Collateral/Security

The Transmission Provider may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement any of the following forms 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:

a) an unconditional and irrevocable, standby letter of credit issued by a major U.S. commercial bank or a U.S. branch office of a major foreign commercial bank with such bank having shareholders' equity of at least \$10.0 billion (U.S. Dollars) and a credit rating of at least A- from Standard & Poor's or A3 from Moody's, or otherwise being acceptable to Transmission Provider; or

b) A guaranty in a form acceptable to Transmission Provider from Transmission Customer's guarantor who meets the creditworthiness criteria identified in Section 1; or

c) Cash deposit; or

d) Prepayment; or

e) Other reasonable forms of security acceptable to Transmission Provider.

Transmission Provider shall accrue interest on cash deposits held as security at Transmission Provider's average short-term investment rate. In the event that Transmission Provider's senior secured debt ratings fall below BBB-, as indicated by S&P, and below Baa3, as indicated by Moody's, cash deposits would be placed in an escrow account and invested in that financial institution's U.S. Treasury obligation fund.

All costs associated with meeting the security requirements, including any costs of obtaining and posting security, are the responsibility of the Transmission Customer.

3. Security Requirements

If security is required, the Transmission Customer must:

a) Provide and maintain in effect during the term of the Transmission Service Agreement, security in a form identified in Section 2 in an amount equal to four (4) times the estimated total service charge for one month of service; or

b) Prepay for Transmission Service, as outlined below in this Subsection:

1. For service of one (1) month or less, the Transmission Customer shall pay the total charge for Transmission Service by

the later of five (5) business days prior to the commencement of Transmission Service or at the time Transmission Service is requested to Transmission Provider;

2. For service of greater than one (1) month the Transmission Customer shall provide cash prepayment for each month's service not less than five (5) business days prior to the beginning of the month.

If a Transmission Customer, pursuant to Subsection (b) of this Section, fails to provide prepayment five (5) business days prior to the commencement of Transmission Service or five (5) business days prior to the beginning of the month, as may be applicable depending on the term of service, Transmission Provider shall require that the Transmission Customer provide additional security in a form identified in Section 2 up to an amount equal to four (4) times its estimated, average monthly service charge.

4. Procedure for Notification of Changes in Creditworthiness

If the Transmission Provider determines there is a change in the creditworthiness of Transmission Customer or Transmission Customer's guarantor and such change would affect the level of credit security required by Transmission Provider, Transmission Provider will notify Transmission Customer in writing within thirty (30) days of such determination. In its notification to the Transmission Customer the Transmission Provider will identify any changes to Transmission Customer's credit security requirements.

5. Procedure for Providing Explanation of Changes in Creditworthiness

In the event a change in Transmission Customer's creditworthiness as determined by the Transmission Provider affects the level of credit security required under the Tariff, the Transmission Customer, upon written request to the Transmission Provider, may request a written explanation for any change in credit levels or credit security amounts determined by Transmission Provider. Transmission Provider will provide a written explanation to Transmission Customer within thirty (30) days of receiving such written request.

6. Procedure for Contesting Credit Determinations

The Transmission Customer has the opportunity to contest the Transmission Provider's determination of Transmission Customer's creditworthiness or credit security requirements by submitting a written notice to the Transmission Provider explaining its reasons for contest. Transmission Provider will respond to Transmission Customer in writing within thirty (30) days of receipt of such notice.

7. Procedures to Post Additional Credit Security

If the Transmission Provider requires the Transmission Customer to post new or additional credit security, the Transmission Customer must either:

- a) for new transmission service, post credit security prior to the start of transmission service in an amount specified in Section 3; or
- b) for existing transmission service, post credit security in an amount specified in Section 3 within five (5) business days of receipt of a written notification from Transmission Provider of a change in the creditworthiness of Transmission Customer or Transmission Customer's guarantor.

8. Suspension of Service

The Transmission Provider may suspend Transmission Service if:

(i) a Transmission Customer that is in Default pursuant to Section 7.3 of this Tariff fails to provide the entirety of three (3) months of required financial assurances (or the entirety of any additional financial assurance required pursuant to this Attachment) within thirty-five (35) calendar days after Transmission Provider's notification to such Transmission Customer pursuant to this Attachment. Transmission Provider will provide at least thirty (30) calendar days written notice to the Commission before suspending Transmission Service; or

(ii) a Transmission Customer that is in Default pursuant to Section 7.3 of this Tariff fails to provide the entirety of the one month's requested financial assurance within five (5) business days after the Transmission Provider's notification to such Transmission Customer pursuant to this Attachment. Transmission provider will provide five (5) calendar days

written notice to the Commission before suspending Transmission Service.

Any notices sent to the Transmission Customer and to the Commission pursuant to this Section may be telefaxed/mailed concurrently. The suspension of service shall continue only for as long as the circumstances that entitle the Transmission Provider to suspend service continue. A Transmission Customer is not obligated to pay for Transmission Service that is not provided as a result of a suspension of service.

ATTACHMENT M

**Special Conditions Associated with Transmission Service
Provided Pursuant to State Mandated Retail Access Programs**

A. Retail Access in the State of Oregon

1. **Oregon Direct Access:** Retail Access shall be provided in the State of Oregon by the Transmission Provider pursuant to the rules and regulations pertaining to such participation as are provided by the Public Utility Commission of Oregon in accordance with Order AR 380.
2. **Eligibility:** Only those Retail End-Users (or their designated agents) qualified and choosing to participate in Oregon Direct Access shall be allowed to purchase Retail Access related Transmission Service from the Transmission Provider. Except in the role of designated agent to a Retail End-User, an Eligible Customer that is (i) a reseller of electric energy, (ii) a wholesale customer of bundled or unbundled electric service taken from the Transmission Provider or any other transmission provider or (iii) a retail customer (or former retail customer) of another transmission provider; shall not be permitted to take Retail Access related Transmission Service from the Transmission Provider. The above exclusion shall in no way limit such customers from seeking eligibility to acquire Point-To-Point Transmission Service under Part II of the Tariff or Network Integration Transmission Service under Part III of the Tariff pursuant to the applicable rules and regulations subject to the jurisdiction of the Commission.
3. **Oregon Direct Access Related Transmission Service:** Participants in Oregon Direct Access shall be required to acquire Network Integration Transmission Service from the Transmission Provider pursuant to Part III of the Tariff and Attachment M. Only a Retail End-User participating in Oregon Direct Access (or an ESS or a Scheduling ESS designated by such Retail End-User) may acquire such Oregon Direct Access Related Transmission Service and only a Scheduling ESS may schedule such transmission service with the Transmission Provider. Any Retail End-User participating in Oregon Direct Access must either be certified as an ESS or have a certified ESS or Scheduling ESS as a designated agent. Any ESS participating in Oregon

Direct Access must either be certified as a Scheduling ESS or have a certified Scheduling ESS as a designated agent.

4. **Electric Service Supplier ("ESS"):** An ESS is any person or entity (including any Transmission Provider affiliates) offering to sell electricity services to one or more Retail End-Users in accordance with Oregon Direct Access. Any such entity must be certified by the state of Oregon as an ESS pursuant to Public Utility Commission of Oregon Rule No. 860-038-400.
5. **Scheduling Electric Service Supplier ("SESS"):** A SESS is any ESS certified by the state of Oregon as a Scheduling ESS pursuant to Public Utility Commission of Oregon Rule No. 860-038-410.
6. **Notification:** Any request for Oregon Direct Access related Transmission Service must include copies of any Oregon mandated certification documents. Such documents shall include but shall not be limited to the following:
 - a) If applicable, a signed statement from any Retail End-User participating in Oregon Direct Access authorizing an ESS or a Scheduling ESS to obtain Oregon Direct Access related Transmission Service from the Transmission Provider on its behalf in accordance with the Tariff.
 - b) If applicable, a signed statement from any Retail End-User participating in Oregon Direct Access designating its ESS and/or Scheduling ESS.
 - c) A copy of any Oregon state document certifying an ESS or a Scheduling ESS.
 - d) If applicable, a signed statement from any ESS authorizing a Scheduling ESS to schedule Oregon Direct Access related Transmission Service on its behalf in accordance with the Tariff.
7. **Oregon Direct Access Monthly Demand Charge:** Participants in Oregon Direct Access shall pay the Oregon Direct Access Monthly Demand Charge. The Oregon Direct Access Monthly Demand Charge shall be determined as follows:

- a) The Oregon Direct Access Monthly Revenue Requirement shall be determined by multiplying the total Oregon Retail Access Monthly Network Load (as defined in Section 34.2 of this Tariff) times the Transmission Provider's monthly transmission rate as established in Attachment H-1 of this Tariff.
 - b) The average monthly non-coincidental peak for all loads participating in Oregon Direct Access shall be added to determine the total Oregon Direct Access Non-Coincidental Peak.
 - c) The Oregon Direct Access Monthly Demand Charge shall be equal to the Oregon Direct Access Monthly Revenue Requirement as calculated in a) above divided by the total Oregon Direct Access Non-Coincidental Peak as calculated in b) above.
- 8. Oregon Direct Access Charge:** For each Retail End-User, ESS or Scheduling ESS taking Oregon Direct Access related Transmission Service, the Transmission Provider shall calculate the sum of the non-coincidental peaks for each of the Retail End-User meters served by such Retail End-User, ESS or Scheduling ESS. Each Retail End-User, ESS or Scheduling ESS shall pay its Oregon Direct Access Charge which shall be equal to the product of the Oregon Direct Access Monthly Demand Charge and its total non-coincidental peak (as measured at the meters).
- 9. Oregon Transmission Integration:** To the extent that the Transmission Provider is required under Oregon Direct Access to acquire transmission service from other transmission providers and make such service available to all participants in Oregon Direct Access, Transmission Customers participating in Oregon Direct Access shall share in these third party wheeling costs in proportion to their Oregon Direct Access Monthly Network Load.
- 10. Summary of Charge Obligations:** Charges for Oregon Direct Access related Transmission Service provided under this Tariff shall be the obligation of the following party:
- a) Scheduling, System Control and Dispatch Service as described in Schedule 1 shall be the obligation of the Transmission Customer (either the Retail End-User, ESS or the Scheduling ESS).

- b) Reactive Support and Voltage Control from Generation Sources as described in Schedule 2 shall be the obligation of the Transmission Customer (either the Retail End-User, ESS or the Scheduling ESS).
- c) Regulation and Frequency Response Service as described in Schedule 3 shall be the obligation of the Transmission Customer (either the Retail End-User, ESS or the Scheduling ESS).
- d) Energy Imbalance Service as described in Schedule 4 shall be the obligation of the designated Scheduling ESS.
- e) Operating Reserves - Spinning Reserve Service as described in Schedule 5 shall be the obligation of the Transmission Customer (either the Retail End-User, ESS or the Scheduling ESS).
- f) Operating Reserves - Supplemental Reserve Service as described in Schedule 6 shall be the obligation of the designated Transmission Customer (either the Retail End-User, ESS or the Scheduling ESS).
- g) Charges for Network Integration Transmission Service shall be the obligation of the Transmission Customer (either the Retail End-User, ESS or the Scheduling ESS).

ATTACHMENT N

APPENDICES TO LARGE GENERATOR INTERCONNECTION PROCEDURES
(Refer to Part IV of the Tariff)

APPENDIX 1 INTERCONNECTION REQUEST FOR A LARGE GENERATING FACILITY

APPENDIX 2 INTERCONNECTION FEASIBILITY STUDY AGREEMENT

APPENDIX 3 INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

APPENDIX 4 INTERCONNECTION FACILITIES STUDY AGREEMENT

APPENDIX 5 OPTIONAL INTERCONNECTION STUDY AGREEMENT

APPENDIX 6 STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

APPENDIX 7 INTERCONNECTION PROCEDURES FOR A WIND GENERATING PLANT

APPENDIX 1 to LGIP

**INTERCONNECTION REQUEST FOR A
LARGE GENERATING FACILITY**

1. The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility with Transmission Provider's Transmission System pursuant to a Tariff.
2. This Interconnection Request is for (check one):
 A proposed new Large Generating Facility.
 An increase in the generating capacity or a Material Modification of an existing Generating Facility..
3. The type of interconnection service requested (check one):
 Energy Resource Interconnection Service
 Network Resource Interconnection Service
4. Check here only if Interconnection Customer requesting Network Resource Interconnection Service also seeks to have its Generating Facility studied for Energy Resource Interconnection Service
5. Interconnection Customer provides the following information:
 - a. Address or location or the proposed new Large Generating Facility site (to the extent known) or, in the case of an existing Generating Facility, the name and specific location of the existing Generating Facility;
 - b. Maximum summer at _____ degrees C and winter at _____ degrees C megawatt electrical output of the proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of an existing Generating Facility;
 - c. General description of the equipment configuration;
 - d. Commercial Operation Date (Day, Month, and Year);
 - e. Name, address, telephone number, and e-mail address of Interconnection Customer's contact person;

- f. Approximate location of the proposed Point of Interconnection (optional); and
 - g. Interconnection Customer Data (set forth in Attachment A)
6. Applicable deposit amount as specified in the LGIP.
7. Evidence of Site Control as specified in the LGIP (check one)
- _____ Is attached to this Interconnection Request
 - _____ Will be provided at a later date in accordance with this LGIP
8. This Interconnection Request shall be submitted to the representative indicated below:
- [To be completed by Transmission Provider]
9. Representative of Interconnection Customer to contact:
- [To be completed by Interconnection Customer]
10. This Interconnection Request is submitted by:
- Name of Interconnection Customer: _____
- By (signature): _____
- Name (type or print): _____
- Title: _____
- Date: _____

**Attachment A to Appendix 1
 Interconnection Request**

LARGE GENERATING FACILITY DATA

UNIT RATINGS

kVA _____ °F _____ Voltage _____
 Power Factor _____
 Speed (RPM) _____ Connection (e.g. Wye) _____
 Short Circuit Ratio _____ Frequency, Hertz _____
 Stator Amperes at Rated kVA _____ Field Volts _____
 Max Turbine MW _____ °F _____

COMBINED TURBINE-GENERATOR-EXCITER INERTIA DATA

Inertia Constant, H = _____ kW sec/kVA
 Moment-of-Inertia, WR² = _____ lb. ft.²

REACTANCE DATA (PER UNIT-RATED KVA)

	DIRECT AXIS	QUADRATURE AXIS
Synchronous - saturated	X _{dv} _____	X _{qv} Synchronous
- unsaturated	X _{di} _____	X _{qi} Transient - saturated
	X' _{dv} _____	X' _{qv} Transient
- unsaturated	X' _{di} _____	X' _{qi}
Subtransient - saturated	X'' _{dv} _____	X'' _{qv}
Subtransient - unsaturated		X'' _{di} _____
Negative Sequence - saturated	X _{2v} _____	X'' _{qi}
Negative Sequence - unsaturated		X _{2i}
Zero Sequence - saturated		X _{0v}
Zero Sequence - unsaturated		X _{0i}
Leakage Reactance	X _{lm} _____	

FIELD TIME CONSTANT DATA (SEC)

Open Circuit	T' _{do} _____	T' _{qo} _____
Three-Phase Short Circuit Transient	T' _{d3} _____	T' _q _____
Line to Line Short Circuit Transient	T' _{d2} _____	
Line to Neutral Short Circuit Transient	T' _{d1} _____	
Short Circuit Subtransient	T'' _d _____	T'' _q _____

Open Circuit Subtransient T''_{do} _____ T''_{qo} _____

ARMATURE TIME CONSTANT DATA (SEC)

Three Phase Short Circuit T_{a3} _____
 Line to Line Short Circuit T_{a2} _____
 Line to Neutral Short Circuit T_{a1} _____

NOTE: If requested information is not applicable, indicate by marking "N/A."

**MW CAPABILITY AND PLANT CONFIGURATION
 LARGE GENERATING FACILITY DATA**

ARMATURE WINDING RESISTANCE DATA (PER UNIT)

Positive R_1 _____
 Negative R_2 _____
 Zero R_0 _____

Rotor Short Time Thermal Capacity $I_2^2t =$ _____
 Field Current at Rated kVA, Armature Voltage and PF = __amps
 Field Current at Rated kVA and Armature Voltage, 0 PF = __amps
 Three Phase Armature Winding Capacitance = microfarad
 Field Winding Resistance = _____ ohms _____ °C
 Armature Winding Resistance (Per Phase) = _____ ohms _____ °C

CURVES

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves. Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA RATINGS

Capacity Self-cooled/
 Maximum Nameplate
 _____ / _____ kVA
 Voltage Ratio (Generator Side/System side/Tertiary)
 _____ / _____ / _____ kV

Winding Connections (Low V/High V/Tertiary V (Delta or Wye))
_____/_____/_____

Fixed Taps Available

Present Tap Setting

IMPEDANCE

Positive Z_1 (on self-cooled kVA rating) _____ % _____ X/R

Zero Z_0 (on self-cooled kVA rating) _____ % _____ X/R

EXCITATION SYSTEM DATA

Identify appropriate IEEE model block diagram of excitation system and power system stabilizer (PSS) for computer representation in power system stability simulations and the corresponding excitation system and PSS constants for use in the model.

GOVERNOR SYSTEM DATA

Identify appropriate IEEE model block diagram of governor system for computer representation in power system stability simulations and the corresponding governor system constants for use in the model.

WIND GENERATORS

Number of generators to be interconnected pursuant to this Interconnection Request: _____

Elevation: _____ Single Phase _____ Three Phase

Inverter manufacturer, model name, number, and version:

List of adjustable set-points for the protective equipment or software:

Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet or other compatible formats, such as IEEE and PTI power flow models, must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device, then they shall be provided and discussed at Scoping Meeting.

INDUCTION GENERATORS

- (*) Field Volts: _____
- (*) Field Amperes: _____
- (*) Motoring Power (kW): _____
- (*) Neutral Grounding Resistor (If Applicable): _____
- (*) I_2^2t or K (Heating Time Constant): _____
- (*) Rotor Resistance: _____
- (*) Stator Resistance: _____
- (*) Stator Reactance: _____
- (*) Rotor Reactance: _____
- (*) Magnetizing Reactance: _____
- (*) Short Circuit Reactance: _____
- (*) Exciting Current: _____
- (*) Temperature Rise: _____
- (*) Frame Size: _____
- (*) Design Letter: _____
- (*) Reactive Power Required In Vars (No Load): _____
- (*) Reactive Power Required In Vars (Full Load): _____
- (*) Total Rotating Inertia, H: _____ Per Unit on KVA Base

Note: Please consult Transmission Provider prior to submitting the Interconnection Request to determine if the information designated by (*) is required

**APPENDIX 2 to LGIP
INTERCONNECTION FEASIBILITY STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this _____ day of _____, 20____ by and between _____, a _____ organized and existing under the laws of the State of ____, ("Interconnection Customer,") and _____ a _____ existing under the laws of the State of _____, ("Transmission Provider "). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

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

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility with the Transmission System; and

WHEREAS, Interconnection Customer has requested Transmission Provider to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Large Generating Facility to the Transmission System, and of any Affected Systems;

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

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.
- 2.0 Interconnection Customer elects and Transmission Provider shall cause to be performed an Interconnection Feasibility Study consistent with Section 41.0 of this LGIP in accordance with the Tariff.
- 3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

- 4.0 The Interconnection Feasibility Study shall be based on the technical information provided by Interconnection Customer in the Interconnection Request, as may be modified as the result of the Scoping Meeting. Transmission Provider reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 38.3.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 38.3.4 of the LGIP, Interconnection Customer modifies its Interconnection Request pursuant to Section 39.4, the time to complete the Interconnection Feasibility Study may be extended.
- 5.0 The Interconnection Feasibility Study report shall provide the following information:
- preliminary identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
 - preliminary identification of any thermal overload or voltage limit violations resulting from the interconnection; and
 - preliminary description and non-bonding estimated cost of facilities required to interconnect the Large Generating Facility to the Transmission System and to address the identified short circuit and power flow issues.
- 6.0 Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Interconnection Feasibility Study.

Upon receipt of the Interconnection Feasibility Study Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study.

Any difference between the deposit and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.

- 7.0 Miscellaneous. The Interconnection Feasibility Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.

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

[Insert name of Transmission Provider or Transmission Owner, if applicable]

By: _____

Title: _____

Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

**Attachment A to Appendix 2
Interconnection Feasibility
Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION FEASIBILITY STUDY**

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on _____:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer and Transmission Provider]

**APPENDIX 3 TO LGIP
INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this _____ day of _____, 20____ by and between _____, a _____ organized and existing under the laws of the State of ____, ("Interconnection Customer,") and _____ a _____ existing under the laws of the State of _____, ("Transmission Provider "). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

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

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility with the Transmission System;

WHEREAS, Transmission Provider has completed an Interconnection Feasibility Study (the "Feasibility Study") and provided the results of said study to Interconnection Customer (This recital to be omitted if Transmission Provider does not require the Interconnection Feasibility Study.); and

WHEREAS, Interconnection Customer has requested Transmission Provider to perform an Interconnection System Impact Study to assess the impact of interconnecting the Large Generating Facility to the Transmission System, and of any Affected Systems;

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

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.
- 2.0 Interconnection Customer elects and Transmission Provider shall cause to be performed an Interconnection System Impact Study consistent with

Section 42.0 of this LGIP in accordance with the Tariff.

- 3.0 The scope of the Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study and the technical information provided by Interconnection Customer in the Interconnection Request, subject to any modifications in accordance with Section 39.4 of the LGIP. Transmission Provider reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Customer System Impact Study. If Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.
- 5.0 The Interconnection System Impact Study report shall provide the following information:
 - identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
 - identification of any thermal overload or voltage limit violations resulting from the interconnection;
 - identification of any instability or inadequately damped response to system disturbances resulting from the interconnection and
 - description and non-binding, good faith estimated cost of facilities required to interconnect the Large Generating Facility to the Transmission System and to address the identified short circuit, instability, and power flow issues.

6.0 Interconnection Customer shall provide a deposit of \$50,000 for the performance of the Interconnection System Impact Study. Transmission Provider's good faith estimate for the time of completion of the Interconnection System Impact Study is [insert date].

Upon receipt of the Interconnection System Impact Study, Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study.

Any difference between the deposit and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.

7.0 Miscellaneous. The Interconnection System Impact Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, that are consistent with regional practices, Applicable Laws and Regulations and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.]

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

[Insert name of Transmission Provider or Transmission Owner, if applicable]

By: _____

Title: _____

Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

**Attachment A To Appendix 3
Interconnection System Impact
Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION SYSTEM IMPACT STUDY**

The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with Section 39.4 of the LGIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer and Transmission Provider]

**APPENDIX 4 TO LGIP
INTERCONNECTION FACILITIES STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this _____ day of _____, 20____ by and between _____, a _____ organized and existing under the laws of the State of ___, ("Interconnection Customer,") and _____ a _____ existing under the laws of the State of _____, ("Transmission Provider "). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

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

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility with the Transmission System;

WHEREAS, Transmission Provider has completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to Interconnection Customer; and

WHEREAS, Interconnection Customer has requested Transmission Provider to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the Transmission System.

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

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.

- 2.0 Interconnection Customer elects and Transmission Provider shall cause an Interconnection Facilities Study consistent with Section 43.0 of this LGIP to be performed in accordance with the Tariff.
- 3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.
- 4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), schedule for required facilities to interconnect the Large Generating Facility to the Transmission System and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.
- 5.0 Interconnection Customer shall provide a deposit of \$100,000 for the performance of the Interconnection Facilities Study. The time for completion of the Interconnection Facilities Study is specified in Attachment A.

Transmission Provider shall invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. Transmission Provider shall continue to hold the amounts on deposit until settlement of the final invoice.

- 6.0 Miscellaneous. The Interconnection Facility Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.

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

[Insert name of Transmission Provider or Transmission Owner, if applicable]

By: _____

Title: _____

Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

**Attachment A To Appendix 4
Interconnection Facilities
Study Agreement**

**INTERCONNECTION CUSTOMER SCHEDULE ELECTION FOR CONDUCTING THE
INTERCONNECTION FACILITIES STUDY**

Transmission Provider shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to Interconnection Customer within the following number of days after of receipt of an executed copy of this Interconnection Facilities Study Agreement:

_____ ninety (90) Calendar Days with no more than a +/- 20 percent cost estimate contained in the report, or

_____ one hundred eighty (180) Calendar Days with no more than a +/- 10 percent cost estimate contained in the report.

**Attachment B to Appendix 4
Interconnection Facilities
Study Agreement**

**DATA FORM TO BE PROVIDED BY INTERCONNECTION CUSTOMER WITH THE
INTERCONNECTION FACILITIES STUDY AGREEMENT**

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

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

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

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

Will an alternate source of auxiliary power be available during CT/PT maintenance?

_____ Yes _____ No

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation?

_____ Yes _____ No (Please indicate on one line diagram).

What type of control system or PLC will be located at Interconnection Customer's Large Generating Facility?

What protocol does the control system or PLC use?

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

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

**APPENDIX 5 TO LGIP
OPTIONAL INTERCONNECTION STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this _____ day of _____, 20____ by and between _____, a _____ organized and existing under the laws of the State of ____, ("Interconnection Customer,") and _____ a _____ existing under the laws of the State of _____, ("Transmission Provider "). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated _____;

WHEREAS, Interconnection Customer is proposing to establish an interconnection with the Transmission System; and

WHEREAS, Interconnection Customer has submitted to Transmission Provider an Interconnection Request; and

WHEREAS, on or after the date when Interconnection Customer receives the Interconnection System Impact Study results, Interconnection Customer has further requested that Transmission Provider prepare an Optional Interconnection Study;

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

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.
- 2.0 Interconnection Customer elects and Transmission Provider shall cause an Optional Interconnection Study consistent with Section 45.0 of this LGIP to be performed in accordance with the Tariff.
- 3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

- 4.0 The Optional Interconnection Study shall be performed solely for informational purposes.
- 5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify Transmission Provider's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or interconnection service based upon the assumptions specified by Interconnection Customer in Attachment A.
- 6.0 Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Optional Interconnection Study. Transmission Provider's good faith estimate for the time of completion of the Optional Interconnection Study is [insert date].

Upon receipt of the Optional Interconnection Study, Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Optional Study.

Any difference between the initial payment and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.

- 7.0 Miscellaneous. The Optional Interconnection Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.

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

[Insert name of Transmission Provider or Transmission Owner, if applicable]

By: _____

Title: _____

Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

Appendix 6 to the Standard Large
Generator Interconnection Procedures

STANDARD LARGE GENERATOR

INTERCONNECTION AGREEMENT (LGIA) TABLE OF CONTENTS

RECITALS

- Article 1. Definitions
- Article 2. Effective Date, Term, and Termination
 - 2.1 Effective Date
 - 2.2 Term of Agreement
 - 2.3 Termination Procedures
 - 2.3.1 Written Notice
 - 2.3.2 Default
 - 2.4 Termination Costs
 - 2.5 Disconnection
 - 2.6 Survival
- Article 3. Regulatory Filings
 - 3.1 Filing
- Article 4. Scope of Service
 - 4.1 Interconnection Product Options
 - 4.1.1 Energy Resource Interconnection Service
 - 4.1.1.1 The Product
 - 4.1.1.2 Transmission Delivery Service Implications
 - 4.1.2 Network Resource Interconnection
 - 4.1.2.1 The Product
 - 4.1.2.2 Transmission Delivery Service Implications
 - 4.2 Provision of Service
 - 4.3 Performance Standards
 - 4.4 No Transmission Delivery Service
 - 4.5 Interconnection Customer Provided Services
- Article 5. Interconnection Facilities Engineering, Procurement,
& Construction
 - 5.1 Options
 - 5.1.1 Standard Option
 - 5.1.2 Alternate Option
 - 5.1.3 Option to Build
 - 5.1.4 Negotiated Option
 - 5.2 General Conditions Applicable to Option to Build
 - 5.3 Liquidated Damages

- 5.4 Power System Stabilizers
 - 5.5 Equipment Procurement
 - 5.6 Construction Commencement
 - 5.7 Work Progress
 - 5.8 Information Exchange
 - 5.9 Limited Operation
 - 5.10 Interconnection Customer's Interconnection Facilities ('ICIF')
 - 5.10.1 Interconnection Customer's Interconnection Facility Specifications
 - 5.10.2 Transmission Provider's Review
 - 5.10.3 ICIF Construction
 - 5.11 Transmission Provider's Interconnection Facilities Construction
 - 5.12 Access Rights
 - 5.13 Lands of Other Property Owners
 - 5.14 Permits
 - 5.15 Early Construction of Base Case Facilities
 - 5.16 Suspension
 - 5.17 Taxes
 - 5.17.1 Interconnection Customer Payments Not Taxable
 - 5.17.2 Representations and Covenants
 - 5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Transmission Provider
 - 5.17.4 Tax Gross-Up Amount
 - 5.17.5 Private Letter Ruling or Change or Clarification of Law
 - 5.17.6 Subsequent Taxable Events
 - 5.17.7 Contests
 - 5.17.8 Refund
 - 5.17.9 Taxes Other Than Income Taxes
 - 5.17.10 Transmission Owners Who Are Not Transmission Providers
 - 5.18 Tax Status
 - 5.19 Modification
 - 5.19.1 General
 - 5.19.2 Standards
 - 5.19.3 Modification Costs
- Article 6. Testing and Inspection
- 6.1 Pre-Commercial Operation Date Testing and Modifications
 - 6.2 Post-Commercial Operation Date Testing and Modifications
 - 6.3 Right to Observe Testing

6.4 Right to Inspect

Article 7. Metering

- 7.1 General
- 7.2 Check Meters
- 7.3 Standards
- 7.4 Testing of Metering Equipment
- 7.5 Metering Data

Article 8. Communications

- 8.1 Interconnection Customer Obligations
- 8.2 Remote Terminal Unit
- 8.3 No Annexation

Article 9. Operations

- 9.1 General
- 9.2 Control Area Notification
- 9.3 Transmission Provider Obligations
- 9.4 Interconnection Customer Obligations
- 9.5 Start-Up and Synchronization
- 9.6 Reactive Power
 - 9.6.1 Power Factor Design Criteria
 - 9.6.2 Voltage Schedules
 - 9.6.2.1 Governors and Regulators
 - 9.6.3 Payment for Reactive Power
- 9.7 Outages and Interruptions
 - 9.7.1 Outages
 - 9.7.1.1 Outage Authority and Coordination
 - 9.7.1.2 Outage Schedules
 - 9.7.1.3 Outage Restoration
 - 9.7.2 Interruption of Service
 - 9.7.3 Under-Frequency and Over Frequency Conditions
 - 9.7.4 System Protection and Other Control Requirements
 - 9.7.4.1 System Protection Facilities
 - 9.7.5 Requirements for Protection
 - 9.7.6 Power Quality
- 9.8 Switching and Tagging Rules
- 9.9 Use of Interconnection Facilities by Third Parties
 - 9.9.1 Purpose of Interconnection Facilities
 - 9.9.2 Third Party Users
- 9.10 Disturbance Analysis Data Exchange

Article 10. Maintenance

- 10.1 Transmission Provider Obligations
- 10.2 Interconnection Customer Obligations

- 10.3 Coordination
- 10.4 Secondary Systems
- 10.5 Operating and Maintenance Expenses

Article 11. Performance Obligation

- 11.1 Interconnection Customer Interconnection Facilities
- 11.2 Transmission Provider's Interconnection Facilities
- 11.3 Network Upgrades and Distribution Upgrades
- 11.4 Transmission Credits
 - 11.4.1 Repayment of Amounts Advanced for Network Upgrades
 - 11.4.2 Special Provisions for Affected Systems
- 11.5 Provision of Security
- 11.6 Interconnection Customer Compensation
 - 11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition

Article 12. Invoice

- 12.1 General
- 12.2 Final Invoice
- 12.3 Payment
- 12.4 Disputes

Article 13. Emergencies

- 13.1 Definition
- 13.2 Obligations
- 13.3 Notice
- 13.4 Immediate Action
- 13.5 Transmission Provider Authority
 - 13.5.1 General
 - 13.5.2 Reduction and Disconnection
- 13.6 Interconnection Customer Authority
- 13.7 Limited Liability

Article 14. Regulatory Requirements and Governing Law

- 14.1 Regulatory Requirements
- 14.2 Governing Law

Article 15. Notices

- 15.1 General
- 15.2 Billings and Payments
- 15.3 Alternative Forms of Notice
- 15.4 Operations and Maintenance Notice

Article 16. Force Majeure

Article 17. Default

- 17.1 Default**
 - 17.1.1 General**
 - 17.1.2 Right to Terminate**

Article 18. Indemnity, Consequential Damages and Insurance

- 18.1 Indemnity**
 - 18.1.1 Indemnified Person**
 - 18.1.2 Indemnifying Party**
 - 18.1.3 Indemnity Procedures**
- 18.2 Consequential Damages**
- 18.3 Insurance**

Article 19. Assignment

Article 20. Severability

Article 21. Comparability

Article 22. Confidentiality

- 22.1 Confidentiality**
 - 22.1.1 Term**
 - 22.1.2 Scope**
 - 22.1.3 Release of Confidential Information**
 - 22.1.4 Rights**
 - 22.1.5 No Warranties**
 - 22.1.6 Standard of Care**
 - 22.1.7 Order of Disclosure**
 - 22.1.8 Termination of Agreement**
 - 22.1.9 Remedies**
 - 22.1.10 Disclosure to FERC, its Staff, or a State**

Article 23. Environmental Releases

Article 24. Information Requirements

- 24.1 Information Acquisition**
- 24.2 Information Submission by Transmission Provider**
- 24.3 Updated Information Submission by Interconnection Customer**
- 24.4 Information Supplementation**

Article 25. Information Access and Audit Rights

- 25.1 Information Access**
- 25.2 Reporting of Non-Force Majeure Events**
- 25.3 Audit Rights**
- 25.4 Audit Rights Periods**

- 25.4.1 Audit Rights Period for Construction-Related Accounts and Records
- 25.4.2 Audit Rights Period for All Other Accounts and Records
- 25.5 Audit Results

- Article 26. Subcontractors
 - 26.1 General
 - 26.2 Responsibility of Principal
 - 26.3 No Limitation by Insurance

- Article 27. Disputes
 - 27.1 Submission
 - 27.2 External Arbitration Procedures
 - 27.3 Arbitration Decisions
 - 27.4 Costs

- Article 28. Representations, Warranties, and Covenants
 - 28.1 General
 - 28.1.1 Good Standing
 - 28.1.2 Authority
 - 28.1.3 No Conflict
 - 28.1.4 Consent and Approval

- Article 29. Joint Operating Committee

- Article 30. Miscellaneous
 - 30.1 Binding Effect
 - 30.2 Conflicts
 - 30.3 Rules of Interpretation
 - 30.4 Entire Agreement
 - 30.5 No Third Party Beneficiaries
 - 30.6 Waiver
 - 30.7 Headings
 - 30.8 Multiple Counterparts
 - 30.9 Amendment
 - 30.10 Modification by the Parties
 - 30.11 Reservation of Rights
 - 30.12 No Partnership

**Appendix A - Interconnection Facilities, Network Upgrades, and
Distribution Upgrades**

Appendix B - Milestones

Appendix C - Interconnection Details

Appendix D - Security Arrangements Details

Appendix E - Commercial Operation Date

Appendix F - Addresses for Delivery of Notices and Billings

Appendix G - Interconnection Requirements for a Wind Generating
Plant

STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer" with a Large Generating Facility), and _____ a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Transmission Provider and/or Transmission Owner"). Interconnection Customer and Transmission Provider each may be referred to as a "Party" or collectively as the "Parties."

Recitals

WHEREAS, Transmission Provider operates the Transmission System; and

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and,

WHEREAS, Interconnection Customer and Transmission Provider have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility with the Transmission System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Standard Large Generator Interconnection Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used or the Open Access Transmission Tariff (Tariff).

Article 1. Definitions

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

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

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

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

Applicable Reliability Council shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider or Interconnection Customer.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

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

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by the Applicable Reliability Council.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from

nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

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

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Energy Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.

Engineering & Procurement (E&P) Agreement shall mean an agreement that authorizes the Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

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

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission (Commission) or its successor.

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

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but

rather to be acceptable practices, methods, or acts generally accepted in the region.

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

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

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission Provider's Interconnection Facilities to obtain back feed power.

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

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of

Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

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

Interconnection Facilities Study shall mean a study conducted by the Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Transmission Provider's Transmission System. The scope of the study is defined in Section 43 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Transmission Provider's Transmission System, the scope of which is described in Section 41 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Interconnection Service shall mean the service provided by the Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Transmission Provider's Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Joint Operating Committee shall be a group made up of representatives from Interconnection Customers and the

Transmission Provider to coordinate operating and technical considerations of Interconnection Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Council or its successor organization.

Network Resource shall mean any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

Network Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the

same manner as Network Resources. Network Resource Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider's Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party or Parties shall mean Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Transmission Provider's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Transmission Provider's Transmission System.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

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

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA) shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the Transmission Provider's Tariff.

Standard Large Generator Interconnection Procedures (LGIP) shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in the Transmission Provider's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.

Tariff shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

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

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

Transmission Provider's Interconnection Facilities shall mean all facilities and equipment owned, controlled or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

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

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Article 2. Effective Date, Term, and Termination

2.1 Effective Date. This LGIA shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by FERC. Transmission Provider shall promptly file this LGIA with FERC upon execution in accordance with Article 3.1, if required.

2.2 Term of Agreement. Subject to the provisions of Article 2.3, this LGIA shall remain in effect for a period of ten (10) years from the Effective Date or such other longer period as Interconnection Customer may request (Term to be specified in individual agreements) and shall be automatically renewed for each successive one-year period thereafter.

2.3 Termination Procedures.

2.3.1 Written Notice. This LGIA may be terminated by Interconnection Customer after giving Transmission Provider ninety (90) Calendar Days advance written notice, or by Transmission Provider notifying FERC after the Generating Facility permanently ceases Commercial Operation.

2.3.2 Default. Either Party may terminate this LGIA in accordance with Article 17.

2.3.3 Notwithstanding Articles 2.3.1 and 2.3.2, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this LGIA, which notice has been accepted for filing by FERC.

2.4 Termination Costs. If a Party elects to terminate this Agreement pursuant to Article 2.3 above, each Party shall

pay all costs incurred (including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment) or charges assessed by the other Party, as of the date of the other Party's receipt of such notice of termination, that are the responsibility of the Terminating Party under this LGIA. In the event of termination by a Party, the Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this LGIA, unless otherwise ordered or approved by FERC:

2.4.1 With respect to any portion of Transmission Provider's Interconnection Facilities that have not yet been constructed or installed, Transmission Provider shall to the extent possible and with Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Interconnection Customer elects not to authorize such cancellation, Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and Transmission Provider shall deliver such material and equipment, and, if necessary, assign such contracts, to Interconnection Customer as soon as practicable, at Interconnection Customer's expense. To the extent that Interconnection Customer has already paid Transmission Provider for any or all such costs of materials or equipment not taken by Interconnection Customer, Transmission Provider shall promptly refund such amounts to Interconnection Customer, less any costs, including penalties incurred by Transmission Provider to cancel any pending orders of or return such materials, equipment, or contracts.

If an Interconnection Customer terminates this LGIA, it shall be responsible for all costs incurred in association with that Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for Interconnection

Facilities and equipment, and other expenses including any Network Upgrades for which Transmission Provider has incurred expenses and has not been reimbursed by Interconnection Customer.

2.4.2 Transmission Provider may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept delivery of, in which case Transmission Provider shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

2.4.3 With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this LGIA, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

2.5 Disconnection. Upon termination of this LGIA, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this LGIA or such non-terminating Party otherwise is responsible for these costs under this LGIA.

2.6 Survival. This LGIA shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this LGIA; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this LGIA was in effect; and to permit each Party to have access to the lands of the other Party pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

Article 3. Regulatory Filings

3.1 Filing. Transmission Provider shall file this LGIA (and any amendment hereto) with the appropriate Governmental Authority, if required. Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22. If Interconnection Customer has executed this LGIA, or any amendment thereto, Interconnection Customer shall reasonably cooperate with Transmission Provider with respect to such filing and to provide any information reasonably requested by Transmission Provider needed to comply with applicable regulatory requirements.

Article 4. Scope of Service

4.1 Interconnection Product Options. Interconnection Customer has selected the following (checked) type of Interconnection Service:

4.1.1 Energy Resource Interconnection Service.

4.1.1.1 The Product. Energy Resource Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Transmission System and be eligible to deliver the Large Generating Facility's output using the existing firm or non-firm capacity of the Transmission System on an "as available" basis. To the extent Interconnection Customer wants to receive Energy Resource Interconnection Service, Transmission Provider shall construct facilities identified in Attachment A.

4.1.1.2 Transmission Delivery Service Implications. Under Energy Resource Interconnection Service, Interconnection Customer will be eligible to inject power from the Large Generating Facility into and deliver power across the interconnecting Transmission

Provider's Transmission System on an "as available" basis up to the amount of MWs identified in the applicable stability and steady state studies to the extent the upgrades initially required to qualify for Energy Resource Interconnection Service have been constructed. Where eligible to do so (e.g., PJM, ISO-NE, NYISO), Interconnection Customer may place a bid to sell into the market up to the maximum identified Large Generating Facility output, subject to any conditions specified in the interconnection service approval, and the Large Generating Facility will be dispatched to the extent Interconnection Customer's bid clears. In all other instances, no transmission delivery service from the Large Generating Facility is assured, but Interconnection Customer may obtain Point-to-Point Transmission Service, Network Integration Transmission Service, or be used for secondary network transmission service, pursuant to Transmission Provider's Tariff, up to the maximum output identified in the stability and steady state studies. In those instances, in order for Interconnection Customer to obtain the right to deliver or inject energy beyond the Large Generating Facility Point of Interconnection or to improve its ability to do so, transmission delivery service must be obtained pursuant to the provisions of Transmission Provider's Tariff. The Interconnection Customer's ability to inject its Large Generating Facility output beyond the Point of Interconnection, therefore, will depend on the existing capacity of Transmission Provider's Transmission System at such time as a transmission

service request is made that would accommodate such delivery. The provision of firm Point-to-Point Transmission Service or Network Integration Transmission Service may require the construction of additional Network Upgrades.

4.1.2 Network Resource Interconnection Service.

4.1.2.1 The Product. Transmission Provider must conduct the necessary studies and construct the Network Upgrades needed to integrate the Large Generating Facility (1) in a manner comparable to that in which Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an ISO or RTO with market based congestion management, in the same manner as all Network Resources. To the extent Interconnection Customer wants to receive Network Resource Interconnection Service, Transmission Provider shall construct the facilities identified in Attachment A to this LGIA.

4.1.2.2 Transmission Delivery Service Implications. Network Resource Interconnection Service allows Interconnection Customer's Large Generating Facility to be designated by any Network Customer under the Tariff on Transmission Provider's Transmission System as a Network Resource, up to the Large Generating Facility's full output, on the same basis as existing Network Resources interconnected to Transmission Provider's Transmission System, and to be studied as a Network Resource on the assumption that such a designation will occur. Although Network Resource Interconnection Service does not convey a reservation of transmission

service, any Network Customer under the Tariff can utilize its network service under the Tariff to obtain delivery of energy from the interconnected Interconnection Customer's Large Generating Facility in the same manner as it accesses Network Resources. A Large Generating Facility receiving Network Resource Interconnection Service may also be used to provide Ancillary Services after technical studies and/or periodic analyses are performed with respect to the Large Generating Facility's ability to provide any applicable Ancillary Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Network Resource. However, if an Interconnection Customer's Large Generating Facility has not been designated as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all generating facilities that are similarly situated. The provision of Network Integration Transmission Service or firm Point-to-Point Transmission Service may require additional studies and the construction of additional upgrades. Because such studies and upgrades would be associated with a request for delivery service under the Tariff, cost responsibility for the studies and upgrades would be in accordance with FERC's policy for pricing transmission delivery services.

Network Resource Interconnection Service does not necessarily provide Interconnection Customer with the capability to physically deliver the

output of its Large Generating Facility to any particular load on Transmission Provider's Transmission System without incurring congestion costs. In the event of transmission constraints on Transmission Provider's Transmission System, Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures in Transmission Provider's Transmission System in the same manner as Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that Interconnection Customer's Large Generating Facility be designated as a Network Resource by a Network Service Customer under the Tariff or that Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Large Generating Facility as a Network Resource, it must do so pursuant to Transmission Provider's Tariff.

Once an Interconnection Customer satisfies the requirements for obtaining Network Resource Interconnection Service, any future transmission service request for delivery from the Large Generating Facility within Transmission Provider's Transmission System of any amount of capacity and/or energy, up to the amount initially studied, will not require that any additional studies be performed or that any further upgrades associated with such Large Generating Facility be undertaken, regardless of whether or not such Large Generating Facility is ever designated by a Network Customer

as a Network Resource and regardless of changes in ownership of the Large Generating Facility. However, the reduction or elimination of congestion or redispatch costs may require additional studies and the construction of additional upgrades.

To the extent Interconnection Customer enters into an arrangement for long term transmission service for deliveries from the Large Generating Facility outside Transmission Provider's Transmission System, such request may require additional studies and upgrades in order for Transmission Provider to grant such request.

- 4.2 Provision of Service.** Transmission Provider shall provide Interconnection Service for the Large Generating Facility at the Point of Interconnection.
- 4.3 Performance Standards.** Each Party shall perform all of its obligations under this LGIA in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this LGIA for its compliance therewith. If such Party is a Transmission Provider or Transmission Owner, then that Party shall amend the LGIA and submit the amendment to FERC for approval.
- 4.4 No Transmission Delivery Service.** The execution of this LGIA does not constitute a request for, nor the provision of, any transmission delivery service under Transmission Provider's Tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.
- 4.5 Interconnection Customer Provided Services.** The services provided by Interconnection Customer under this LGIA are set forth in Article 9.6 and Article 13.5.1.

Interconnection Customer shall be paid for such services in accordance with Article 11.6.

Article 5. Interconnection Facilities Engineering, Procurement, and Construction

5.1 Options. Unless otherwise mutually agreed to between the Parties, Interconnection Customer shall select the In-Service Date, Initial Synchronization Date, and Commercial Operation Date; and either Standard Option or Alternate Option set forth below for completion of Transmission Provider's Interconnection Facilities and Network Upgrades as set forth in Appendix A, Interconnection Facilities and Network Upgrades, and such dates and selected option shall be set forth in Appendix B, Milestones.

5.1.1 Standard Option. Transmission Provider shall design, procure, and construct Transmission Provider's Interconnection Facilities and Network Upgrades, using Reasonable Efforts to complete Transmission Provider's Interconnection Facilities and Network Upgrades by the dates set forth in Appendix B, Milestones. Transmission Provider shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event Transmission Provider reasonably expects that it will not be able to complete Transmission Provider's Interconnection Facilities and Network Upgrades by the specified dates, Transmission Provider shall promptly provide written notice to Interconnection Customer and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

5.1.2 Alternate Option. If the dates designated by Interconnection Customer are acceptable to Transmission Provider, Transmission Provider shall so notify Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and

construction of Transmission Provider's Interconnection Facilities by the designated dates.

If Transmission Provider subsequently fails to complete Transmission Provider's Interconnection Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B, Milestones; Transmission Provider shall pay Interconnection Customer liquidated damages in accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by Interconnection Customer shall be extended day for day for each day that the applicable RTO or ISO refuses to grant clearances to install equipment.

- 5.1.3 Option to Build.** If the dates designated by Interconnection Customer are not acceptable to Transmission Provider, Transmission Provider shall so notify Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades on the dates specified in Article 5.1.2. Transmission Provider and Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A. Except for Stand Alone Network Upgrades, Interconnection Customer shall have no right to construct Network Upgrades under this option.

5.1.4 Negotiated Option. If Interconnection Customer elects not to exercise its option under Article 5.1.3, Option to Build, Interconnection Customer shall so notify Transmission Provider within thirty (30) Calendar Days, and the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of a portion of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades by Interconnection Customer) pursuant to which Transmission Provider is responsible for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Network Upgrades. If the Parties are unable to reach agreement on such terms and conditions, Transmission Provider shall assume responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Network Upgrades pursuant to 5.1.1, Standard Option.

5.2 General Conditions Applicable to Option to Build. If Interconnection Customer assumes responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades,

- (1) Interconnection Customer shall engineer, procure equipment, and construct Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by Transmission Provider;
- (2) Interconnection Customer's engineering, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of law to which Transmission Provider would be subject in the engineering, procurement or construction of Transmission

- Provider's Interconnection Facilities and Stand Alone Network Upgrades;
- (3) Transmission Provider shall review and approve the engineering design, equipment acceptance tests, and the construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;
- (4) prior to commencement of construction, Interconnection Customer shall provide to Transmission Provider a schedule for construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from Transmission Provider;
- (5) at any time during construction, Transmission Provider shall have the right to gain unrestricted access to Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same;
- (6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by Transmission Provider, Interconnection Customer shall be obligated to remedy deficiencies in that portion of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;
- (7) Interconnection Customer shall indemnify Transmission Provider for claims arising from Interconnection Customer's construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 18.1 Indemnity;

- (8) Interconnection Customer shall transfer control of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades to Transmission Provider;
- (9) Unless Parties otherwise agree, Interconnection Customer shall transfer ownership of Transmission Provider's Interconnection Facilities and Stand-Alone Network Upgrades to Transmission Provider;
- (10) Transmission Provider shall approve and accept for operation and maintenance Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2; and
- (11) Interconnection Customer shall deliver to Transmission Provider "as-built" drawings, information, and any other documents that are reasonably required by Transmission Provider to assure that the Interconnection Facilities and Stand-Alone Network Upgrades are built to the standards and specifications required by Transmission Provider.

5.3 Liquidated Damages. The actual damages to Interconnection Customer, in the event Transmission Provider's Interconnection Facilities or Network Upgrades are not completed by the dates designated by Interconnection Customer and accepted by Transmission Provider pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by Transmission Provider to Interconnection Customer in the event that Transmission Provider does not complete any portion of Transmission Provider's Interconnection Facilities or Network Upgrades by the applicable dates, shall be an amount equal to $\frac{1}{2}$ of 1 percent per day of the actual cost of Transmission Provider's Interconnection Facilities and Network Upgrades, in the aggregate, for which Transmission Provider has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of Transmission Provider's Interconnection Facilities and Network Upgrades for which Transmission Provider has assumed responsibility to design, procure, and construct. The foregoing payments will be made by Transmission Provider to Interconnection Customer as just compensation for the damages caused to Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Transmission Provider's failure to meet its schedule.

No liquidated damages shall be paid to Interconnection Customer if: (1) Interconnection Customer is not ready to commence use of Transmission Provider's Interconnection Facilities or Network Upgrades to take the delivery of power for the Large Generating Facility's Trial Operation or to export power from the Large Generating Facility on the specified dates, unless Interconnection Customer would have been able to commence use of Transmission Provider's Interconnection Facilities or Network Upgrades to take the delivery of power for Large Generating Facility's Trial Operation or to export power from the Large Generating Facility, but for Transmission Provider's delay; (2) Transmission Provider's failure to meet the specified dates is the result of the action or inaction of Interconnection Customer or any other Interconnection Customer who has entered into an LGIA with Transmission Provider or any cause beyond Transmission Provider's reasonable control or reasonable ability to cure; (3) the interconnection Customer has assumed responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades; or (4) the Parties have otherwise agreed.

- 5.4 Power System Stabilizers.** The Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the guidelines and procedures established by the Applicable Reliability Council. Transmission Provider reserves the right to reasonably establish minimum acceptable settings for any

installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, Interconnection Customer shall immediately notify Transmission Provider's system operator, or its designated representative. The requirements of this paragraph shall not apply to wind generators.

5.5 Equipment Procurement. If responsibility for construction of Transmission Provider's Interconnection Facilities or Network Upgrades is to be borne by Transmission Provider, then Transmission Provider shall commence design of Transmission Provider's Interconnection Facilities or Network Upgrades and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

- 5.5.1** Transmission Provider has completed the Facilities Study pursuant to the Facilities Study Agreement;
- 5.5.2** Transmission Provider has received written authorization to proceed with design and procurement from Interconnection Customer by the date specified in Appendix B, Milestones; and
- 5.5.3** Interconnection Customer has provided security to Transmission Provider in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

5.6 Construction Commencement. Transmission Provider shall commence construction of Transmission Provider's Interconnection Facilities and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

- 5.6.1** Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;
- 5.6.2** Necessary real property rights and rights-of-way have been obtained, to the extent required

for the construction of a discrete aspect of Transmission Provider's Interconnection Facilities and Network Upgrades;

- 5.6.3** Transmission Provider has received written authorization to proceed with construction from Interconnection Customer by the date specified in Appendix B, Milestones; and
- 5.6.4** Interconnection Customer has provided security to Transmission Provider in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.
- 5.7 Work Progress.** The Parties will keep each other advised periodically as to the progress of their respective design, procurement and construction efforts. Either Party may, at any time, request a progress report from the other Party. If, at any time, Interconnection Customer determines that the completion of Transmission Provider's Interconnection Facilities will not be required until after the specified In-Service Date, Interconnection Customer will provide written notice to Transmission Provider of such later date upon which the completion of Transmission Provider's Interconnection Facilities will be required.
- 5.8 Information Exchange.** As soon as reasonably practicable after the Effective Date, the Parties shall exchange information regarding the design and compatibility of the Parties' Interconnection Facilities and compatibility of the Interconnection Facilities with Transmission Provider's Transmission System, and shall work diligently and in good faith to make any necessary design changes.
- 5.9 Limited Operation.** If any of Transmission Provider's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Large Generating Facility, Transmission Provider shall, upon the request and at the expense of Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Large Generating Facility and Interconnection Customer's Interconnection Facilities may operate prior to the completion of Transmission Provider's Interconnection Facilities or Network Upgrades consistent

with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this LGIA. Transmission Provider shall permit Interconnection Customer to operate the Large Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.

5.10 Interconnection Customer's Interconnection Facilities ('ICIF'). Interconnection Customer shall, at its expense, design, procure, construct, own and install the ICIF, as set forth in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.10.1 Interconnection Customer's Interconnection Facility Specifications. Interconnection Customer shall submit initial specifications for the ICIF, including System Protection Facilities, to Transmission Provider at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. Transmission Provider shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of Transmission Provider and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

5.10.2 Transmission Provider's Review. Transmission Provider's review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the ICIF. Interconnection Customer shall make such changes to the ICIF as may reasonably be required by Transmission Provider, in accordance with Good Utility Practice, to ensure that the ICIF are compatible with the technical specifications,

operational control, and safety requirements of Transmission Provider.

5.10.3 ICIF Construction. The ICIF shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Interconnection Customer shall deliver to Transmission Provider "as-built" drawings, information and documents for the ICIF, such as: a one-line diagram, a site plan showing the Large Generating Facility and the ICIF, plan and elevation drawings showing the layout of the ICIF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the ICIF, and the impedances (determined by factory tests) for the associated step-up transformers and the Large Generating Facility. The Interconnection Customer shall provide Transmission Provider specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable.

5.11 Transmission Provider's Interconnection Facilities Construction. Transmission Provider's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Transmission Provider shall deliver to Interconnection Customer the following "as-built" drawings, information and documents for Transmission Provider's Interconnection Facilities [include appropriate drawings and relay diagrams].

Transmission Provider will obtain control of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities.

5.12 Access Rights. Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at no cost to the other Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Transmission System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.

5.13 Lands of Other Property Owners. If any part of Transmission Provider or Transmission Owner's Interconnection Facilities and/or Network Upgrades is to be installed on property owned by persons other than Interconnection Customer or Transmission Provider or Transmission Owner, Transmission Provider or Transmission Owner shall at Interconnection Customer's expense use efforts, similar in nature and extent to those that it typically undertakes on its own behalf or on behalf of its Affiliates, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove Transmission Provider or Transmission Owner's Interconnection Facilities and/or Network Upgrades upon such property.

5.14 Permits. Transmission Provider or Transmission Owner and Interconnection Customer shall cooperate with each other in good faith in obtaining all permits, licenses and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, Transmission Provider or Transmission Owner shall provide permitting assistance to Interconnection Customer comparable to that provided to Transmission Provider's own, or an Affiliate's generation.

5.15 Early Construction of Base Case Facilities.

Interconnection Customer may request Transmission Provider to construct, and Transmission Provider shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the Transmission System which are included in the Base Case of the Facilities Study for Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's In-Service Date.

5.16 Suspension. Interconnection Customer reserves the right, upon written notice to Transmission Provider, to suspend at any time all work by Transmission Provider associated with the construction and installation of Transmission Provider's Interconnection Facilities and/or Network Upgrades required under this LGIA with the condition that Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and Transmission Provider's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Transmission Provider (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Transmission Provider cannot reasonably avoid; provided,

however, that prior to canceling or suspending any such material, equipment or labor contract, Transmission Provider shall obtain Interconnection Customer's authorization to do so.

Transmission Provider shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Transmission Provider required under this LGIA pursuant to this Article 5.16, and has not requested Transmission Provider to recommence the work required under this LGIA on or before the expiration of three (3) years following commencement of such suspension, this LGIA shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Transmission Provider, if no effective date is specified.

5.17 Taxes .

5.17.1 Interconnection Customer Payments Not Taxable.

The Parties intend that all payments or property transfers made by Interconnection Customer to Transmission Provider for the installation of Transmission Provider's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.17.2 Representations and Covenants. In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the Transmission System, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to Transmission Provider for

Transmission Provider's Interconnection Facilities will be capitalized by Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of Transmission Provider's Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Large Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Transmission Provider's request, Interconnection Customer shall provide Transmission Provider with a report from an independent engineer confirming its representation in clause (iii), above. Transmission Provider represents and covenants that the cost of Transmission Provider's Interconnection Facilities paid for by Interconnection Customer will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Transmission Provider. Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless Transmission Provider from the cost consequences of any current tax liability imposed against Transmission Provider as the result of payments or property transfers made by Interconnection Customer to Transmission Provider under this LGIA for Interconnection Facilities, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Transmission Provider.

Transmission Provider shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this LGIA unless (i) Transmission Provider has determined, in good faith, that the payments or property transfers made by Interconnection Customer to Transmission Provider should be reported as income subject to taxation or (ii) any Governmental Authority directs Transmission Provider to report payments or property as income subject to taxation; provided, however, that Transmission Provider may require Interconnection Customer to provide security for Interconnection Facilities, in a form reasonably acceptable to Transmission Provider (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Interconnection Customer shall reimburse Transmission Provider for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Transmission Provider of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by Transmission Provider upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

5.17.4 Tax Gross-Up Amount. Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection

Customer will pay Transmission Provider, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on Transmission Provider ("Current Taxes") on the excess of (a) the gross income realized by Transmission Provider as a result of payments or property transfers made by Interconnection Customer to Transmission Provider under this LGIA (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit Transmission Provider to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on Transmission Provider's composite federal and state tax rates at the time the payments or property transfers are received and Transmission Provider will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting Transmission Provider's anticipated tax depreciation deductions as a result of such payments or property transfers by Transmission Provider's current weighted average cost of capital. Thus, the formula for calculating Interconnection Customer's liability to Transmission Owner pursuant to this Article 5.17.4 can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$. Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.17.5 **Private Letter Ruling or Change or Clarification of Law.** At Interconnection Customer's request and expense, Transmission Provider shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to Transmission Provider under this LGIA are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer's knowledge. Transmission Provider and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

Transmission Provider shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. Transmission Provider shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 **Subsequent Taxable Events.** If, within 10 years from the date on which the relevant Transmission Provider's Interconnection Facilities are placed in service, (i) Interconnection Customer Breaches the covenants contained in Article 5.17.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and Transmission Provider retains ownership of the Interconnection

Facilities and Network Upgrades, Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Transmission Provider, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7 **Contests.** In the event any Governmental Authority determines that Transmission Provider's receipt of payments or property constitutes income that is subject to taxation, Transmission Provider shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, Transmission Provider may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, Transmission Provider may file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. Transmission Provider reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Transmission Provider shall keep Interconnection Customer informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to Transmission Provider on a periodic basis, as invoiced by Transmission Provider, Transmission Provider's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. At any time during the contest,

Transmission Provider may agree to a settlement either with Interconnection Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by Transmission Provider, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. Any settlement without Interconnection Customer's consent or such written advice will relieve Interconnection Customer from any obligation to indemnify Transmission Provider for the tax at issue in the contest.

- 5.17.8 **Refund.** In the event that (a) a private letter ruling is issued to Transmission Provider which holds that any amount paid or the value of any property transferred by Interconnection Customer to Transmission Provider under the terms of this LGIA is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Transmission Provider in good faith that any amount paid or the value of any property transferred by Interconnection Customer to Transmission Provider under the terms of this LGIA is not taxable to Transmission Provider, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to Transmission Provider are not subject to federal income tax, or (d) if Transmission Provider receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property

transfer made by Interconnection Customer to Transmission Provider pursuant to this LGIA, Transmission Provider shall promptly refund to Interconnection Customer the following:

- (i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,
- (ii) interest on any amounts paid by Interconnection Customer to Transmission Provider for such taxes which Transmission Provider did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR §35.19a(a)(2)(iii) from the date payment was made by Interconnection Customer to the date Transmission Provider refunds such payment to Interconnection Customer, and
- (iii) with respect to any such taxes paid by Transmission Provider, any refund or credit Transmission Provider receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to Transmission Provider for such overpayment of taxes (including any reduction in interest otherwise payable by Transmission Provider to any Governmental Authority resulting from an offset or credit); provided, however, that Transmission Provider will remit such amount promptly to Interconnection Customer only after and to the extent that Transmission Provider has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax

related to Transmission Provider's
Interconnection Facilities.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

- 5.17.9 **Taxes Other Than Income Taxes.** Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, Transmission Provider may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Transmission Provider for which Interconnection Customer may be required to reimburse Transmission Provider under the terms of this LGIA. Interconnection Customer shall pay to Transmission Provider on a periodic basis, as invoiced by Transmission Provider, Transmission Provider's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and Transmission Provider shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to Transmission Provider for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Transmission Provider.
- 5.17.10 **Transmission Owners Who Are Not Transmission Providers.** If Transmission Provider is not the same entity as the Transmission Owner, then (i) all references in this Article 5.17 to

Transmission Provider shall be deemed also to refer to and to include the Transmission Owner, as appropriate, and (ii) this LGIA shall not become effective until such Transmission Owner shall have agreed in writing to assume all of the duties and obligations of Transmission Provider under this Article 5.17 of this LGIA.

5.18 **Tax Status.** Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this LGIA is intended to adversely affect any Transmission Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

5.19 **Modification.**

5.19.1 **General.** Either Party may undertake modifications to its facilities. If a Party plans to undertake a modification that reasonably may be expected to affect the other Party's facilities, that Party shall provide to the other Party sufficient information regarding such modification so that the other Party may evaluate the potential impact of such modification prior to commencement of the work. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

In the case of Large Generating Facility modifications that do not require Interconnection Customer to submit an Interconnection Request, Transmission Provider shall provide, within thirty (30) Calendar Days

(or such other time as the Parties may agree), an estimate of any additional modifications to the Transmission System, Transmission Provider's Interconnection Facilities or Network Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this LGIA and Good Utility Practice.

5.19.3 Modification Costs. Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that Transmission Provider makes to Transmission Provider's Interconnection Facilities or the Transmission System to facilitate the interconnection of a third party to Transmission Provider's Interconnection Facilities or the Transmission System, or to provide transmission service to a third party under Transmission Provider's Tariff. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to Interconnection Customer's Interconnection Facilities that may be necessary to maintain or upgrade such Interconnection Customer's Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

Article 6. Testing and Inspection

6.1 Pre-Commercial Operation Date Testing and Modifications. Prior to the Commercial Operation Date, Transmission Provider shall test Transmission Provider's Interconnection Facilities and Network Upgrades and Interconnection Customer shall test the Large Generating Facility and Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities

that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications. Interconnection Customer shall generate test energy at the Large Generating Facility only if it has arranged for the delivery of such test energy.

6.2 Post-Commercial Operation Date Testing and Modifications.

Each Party shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure the continued interconnection of the Large Generating Facility with the Transmission System in a safe and reliable manner. Each Party shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the requesting Party's expense, as may be in accordance with Good Utility Practice.

6.3 Right to Observe Testing. Each Party shall notify the other Party in advance of its performance of tests of its Interconnection Facilities. The other Party has the right, at its own expense, to observe such testing.

6.4 Right to Inspect. Each Party shall have the right, but shall have no obligation to: (i) observe the other Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of the other Party's System Protection Facilities and other protective equipment; and (iii) review the other Party's maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be deemed to be Confidential Information and treated pursuant to Article 22 of this LGIA.

Article 7. Metering

- 7.1 General.** Each Party shall comply with the Applicable Reliability Council requirements. Unless otherwise agreed by the Parties, Transmission Provider shall install Metering Equipment at the Point of Interconnection prior to any operation of the Large Generating Facility and shall own, operate, test and maintain such Metering Equipment. Power flows to and from the Large Generating Facility shall be measured at or, at Transmission Provider's option, compensated to, the Point of Interconnection. Transmission Provider shall provide metering quantities, in analog and/or digital form, to Interconnection Customer upon request. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.
- 7.2 Check Meters.** Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check Transmission Provider's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this LGIA, except as provided in Article 7.4 below. The check meters shall be subject at all reasonable times to inspection and examination by Transmission Provider or its designee. The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.
- 7.3 Standards.** Transmission Provider shall install, calibrate, and test revenue quality Metering Equipment in accordance with applicable ANSI standards.
- 7.4 Testing of Metering Equipment.** Transmission Provider shall inspect and test all Transmission Provider-owned Metering Equipment upon installation and at least once every two (2) years thereafter. If requested to do so by Interconnection Customer, Transmission Provider shall, at Interconnection Customer's expense, inspect or test Metering Equipment more frequently than every two (2) years. Transmission Provider shall give reasonable notice of the time when any inspection or test shall take place,

and Interconnection Customer may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Interconnection Customer's expense, in order to provide accurate metering, unless the inaccuracy or defect is due to Transmission Provider's failure to maintain, then Transmission Provider shall pay. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than two percent from the measurement made by the standard meter used in the test, Transmission Provider shall adjust the measurements by correcting all measurements for the period during which Metering Equipment was in error by using Interconnection Customer's check meters, if installed. If no such check meters are installed or if the period cannot be reasonably ascertained, the adjustment shall be for the period immediately preceding the test of the Metering Equipment equal to one-half the time from the date of the last previous test of the Metering Equipment.

- 7.5 Metering Data.** At Interconnection Customer's expense, the metered data shall be telemetered to one or more locations designated by Transmission Provider and one or more locations designated by Interconnection Customer. Such telemetered data shall be used, under normal operating conditions, as the official measurement of the amount of energy delivered from the Large Generating Facility to the Point of Interconnection.

Article 8. Communications

- 8.1 Interconnection Customer Obligations.** Interconnection Customer shall maintain satisfactory operating communications with Transmission Provider's Transmission System dispatcher or representative designated by Transmission Provider. Interconnection Customer shall provide standard voice line, dedicated voice line and facsimile communications at its Large Generating Facility control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system. Interconnection Customer shall also provide the dedicated data circuit(s) necessary to provide Interconnection Customer data to Transmission Provider as set forth in Appendix D, Security Arrangements Details.

The data circuit(s) shall extend from the Large Generating Facility to the location(s) specified by Transmission Provider. Any required maintenance of such communications equipment shall be performed by Interconnection Customer. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

8.2 Remote Terminal Unit. Prior to the Initial Synchronization Date of the Large Generating Facility, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer, or by Transmission Provider at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by Transmission Provider through use of a dedicated point-to-point data circuit(s) as indicated in Article 8.1. The communication protocol for the data circuit(s) shall be specified by Transmission Provider. Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by Transmission Provider.

Each Party will promptly advise the other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

8.3 No Annexation. Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

Article 9. Operations

9.1 General. Each Party shall comply with the Applicable Reliability Council requirements. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to comply with

Applicable Laws and Regulations and Applicable Reliability Standards.

- 9.2 Control Area Notification.** At least three months before Initial Synchronization Date, Interconnection Customer shall notify Transmission Provider in writing of the Control Area in which the Large Generating Facility will be located. If Interconnection Customer elects to locate the Large Generating Facility in a Control Area other than the Control Area in which the Large Generating Facility is physically located, and if permitted to do so by the relevant transmission tariffs, all necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this LGIA, and remote Control Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Large Generating Facility in the other Control Area.
- 9.3 Transmission Provider Obligations.** Transmission Provider shall cause the Transmission System and Transmission Provider's Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this LGIA. Transmission Provider may provide operating instructions to Interconnection Customer consistent with this LGIA and Transmission Provider's operating protocols and procedures as they may change from time to time. Transmission Provider will consider changes to its operating protocols and procedures proposed by Interconnection Customer.
- 9.4 Interconnection Customer Obligations.** Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA. Interconnection Customer shall operate the Large Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with all applicable requirements of the Control Area of which it is part, as such requirements are set forth in Appendix C, Interconnection Details, of this LGIA. Appendix C, Interconnection Details, will be modified to reflect changes to the requirements as they may change from time to time. Either Party may request that the other Party

provide copies of the requirements set forth in Appendix C, Interconnection Details, of this LGIA.

9.5 Start-Up and Synchronization. Consistent with the Parties' mutually acceptable procedures, Interconnection Customer is responsible for the proper synchronization of the Large Generating Facility to Transmission Provider's Transmission System.

9.6 Reactive Power.

9.6.1 Power Factor Design Criteria. Interconnection Customer shall design the Large Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless Transmission Provider has established different requirements that apply to all generators in the Control Area on a comparable basis. The requirements of this paragraph shall not apply to wind generators.

9.6.2 Voltage Schedules. Once Interconnection Customer has synchronized the Large Generating Facility with the Transmission System, Transmission Provider shall require Interconnection Customer to operate the Large Generating Facility to produce or absorb reactive power within the design limitations of the Large Generating Facility set forth in Article 9.6.1 (Power Factor Design Criteria). Transmission Provider's voltage schedules shall treat all sources of reactive power in the Control Area in an equitable and not unduly discriminatory manner. Transmission Provider shall exercise Reasonable Efforts to provide Interconnection Customer with such schedules at least one (1) day in advance, and may make changes to such schedules as necessary to maintain the reliability of the Transmission System. Interconnection Customer shall operate the Large Generating Facility to maintain the specified output voltage or power factor at the Point of Interconnection within the design limitations of the Large Generating Facility

set forth in Article 9.6.1 (Power Factor Design Criteria). If Interconnection Customer is unable to maintain the specified voltage or power factor, it shall promptly notify the System Operator.

9.6.2.1 Governors and Regulators. Whenever the Large Generating Facility is operated in parallel with the Transmission System and the speed governors (if installed on the generating unit pursuant to Good Utility Practice) and voltage regulators are capable of operation, Interconnection Customer shall operate the Large Generating Facility with its speed governors and voltage regulators in automatic operation. If the Large Generating Facility's speed governors and voltage regulators are not capable of such automatic operation, Interconnection Customer shall immediately notify Transmission Provider's system operator, or its designated representative, and ensure that such Large Generating Facility's reactive power production or absorption (measured in MVARs) are within the design capability of the Large Generating Facility's generating unit(s) and steady state stability limits. Interconnection Customer shall not cause its Large Generating Facility to disconnect automatically or instantaneously from the Transmission System or trip any generating unit comprising the Large Generating Facility for an under or over frequency condition unless the abnormal frequency condition persists for a time period beyond the limits set forth in ANSI/IEEE Standard C37.106, or such other standard as applied to other generators in the Control Area on a comparable basis.

9.6.3 Payment for Reactive Power. Transmission Provider is required to pay Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from the Large Generating Facility when Transmission Provider requests Interconnection Customer to operate its Large Generating Facility outside the range specified in Article 9.6.1, provided that if Transmission Provider pays its own or affiliated generators for reactive power service within the specified range, it must also pay Interconnection Customer. Payments shall be pursuant to Article 11.6 or such other agreement to which the Parties have otherwise agreed.

9.7 Outages and Interruptions.

9.7.1 Outages.

9.7.1.1 Outage Authority and Coordination.

Each Party may in accordance with Good Utility Practice in coordination with the other Party remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent an Emergency Condition, the Party scheduling a removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal on a date and time mutually acceptable to the Parties. In all circumstances, any Party planning to remove such facility(ies) from service shall use Reasonable Efforts to minimize the effect on the other Party of such removal.

9.7.1.2 Outage Schedules. Transmission Provider shall post scheduled outages of its transmission facilities on the OASIS. Interconnection Customer shall submit its planned maintenance

schedules for the Large Generating Facility to Transmission Provider for a minimum of a rolling twenty-four month period. Interconnection Customer shall update its planned maintenance schedules as necessary. Transmission Provider may request Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the Transmission System; provided, however, adequacy of generation supply shall not be a criterion in determining Transmission System reliability. Transmission Provider shall compensate Interconnection Customer for any additional direct costs that Interconnection Customer incurs as a result of having to reschedule maintenance, including any additional overtime, breaking of maintenance contracts or other costs above and beyond the cost Interconnection Customer would have incurred absent Transmission Provider's request to reschedule maintenance. Interconnection Customer will not be eligible to receive compensation, if during the twelve (12) months prior to the date of the scheduled maintenance, Interconnection Customer had modified its schedule of maintenance activities.

9.7.1.3 Outage Restoration. If an outage on a Party's Interconnection Facilities or Network Upgrades adversely affects the other Party's operations or facilities, the Party that owns or controls the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating condition consistent with the nature of the outage. The Party that owns or controls the facility that is out of

service shall provide the other Party, to the extent such information is known, information on the nature of the Emergency Condition, an estimated time of restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage.

9.7.2 **Interruption of Service.** If required by Good Utility Practice to do so, Transmission Provider may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect Transmission Provider's ability to perform such activities as are necessary to safely and reliably operate and maintain the Transmission System. The following provisions shall apply to any interruption or reduction permitted under this Article 9.7.2:

9.7.2.1 The interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice;

9.7.2.2 Any such interruption or reduction shall be made on an equitable, non-discriminatory basis with respect to all generating facilities directly connected to the Transmission System;

9.7.2.3 When the interruption or reduction must be made under circumstances which do not allow for advance notice, Transmission Provider shall notify Interconnection Customer by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification as soon as practicable;

9.7.2.4 Except during the existence of an Emergency Condition, when the interruption or reduction can be scheduled without advance notice, Transmission Provider shall notify Interconnection Customer in advance regarding the timing of such scheduling and further notify Interconnection Customer of the expected duration. Transmission Provider shall coordinate with Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to Interconnection Customer and Transmission Provider;

9.7.2.5 The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Large Generating Facility, Interconnection Facilities, and the Transmission System to their normal operating state, consistent with system conditions and Good Utility Practice.

9.7.3 Under-Frequency and Over Frequency Conditions.
The Transmission System is designed to automatically activate a load-shed program as required by the Applicable Reliability Council in the event of an under-frequency system disturbance. Interconnection Customer shall implement under-frequency and over-frequency relay set points for the Large Generating Facility as required by the Applicable Reliability Council to ensure "ride through" capability of the Transmission System. Large Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with Transmission Provider in accordance with Good Utility Practice. The term "ride through" as

used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the Transmission System during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice.

9.7.4 System Protection and Other Control Requirements.

9.7.4.1 System Protection Facilities.

Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Large Generating Facility or Interconnection Customer's Interconnection Facilities.

Transmission Provider shall install at Interconnection Customer's expense any System Protection Facilities that may be required on Transmission Provider's Interconnection Facilities or the Transmission System as a result of the interconnection of the Large Generating Facility and Interconnection Customer's Interconnection Facilities.

9.7.4.2 Each Party's protection facilities shall be designed and coordinated with other systems in accordance with Good Utility Practice.

9.7.4.3 Each Party shall be responsible for protection of its facilities consistent with Good Utility Practice.

9.7.4.4 Each Party's protective relay design shall incorporate the necessary test switches to perform the tests required in Article 6. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and/or

the tripping of Interconnection Customer's units.

9.7.4.5 Each Party will test, operate and maintain System Protection Facilities in accordance with Good Utility Practice.

9.7.4.6 Prior to the In-Service Date, and again prior to the Commercial Operation Date, each Party or its agent shall perform a complete calibration test and functional trip test of the System Protection Facilities. At intervals suggested by Good Utility Practice and following any apparent malfunction of the System Protection Facilities, each Party shall perform both calibration and functional trip tests of its System Protection Facilities. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

9.7.5 **Requirements for Protection.** In compliance with Good Utility Practice, Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the Transmission System not otherwise isolated by Transmission Provider's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the Transmission System. Such protective equipment shall include, without limitation, a disconnecting device or switch with load-interrupting capability located between the Large Generating Facility and the Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. Interconnection

Customer shall be responsible for protection of the Large Generating Facility and Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. Interconnection Customer shall be solely responsible to disconnect the Large Generating Facility and Interconnection Customer's other equipment if conditions on the Transmission System could adversely affect the Large Generating Facility.

9.7.6 Power Quality. Neither Party's facilities shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard. In the event of a conflict between ANSI Standard C84.1-1989, or any applicable superseding electric industry standard, ANSI Standard C84.1-1989, or the applicable superseding electric industry standard, shall control.

9.8 Switching and Tagging Rules. Each Party shall provide the other Party a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.9 Use of Interconnection Facilities by Third Parties.

9.9.1 Purpose of Interconnection Facilities. Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the Transmission System and shall be used for no other purpose.

9.9.2 Third Party Users. If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use Transmission Provider's Interconnection Facilities, or any part thereof, Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by Transmission Provider, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually-agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be allocated between Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by Transmission Provider, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to FERC for resolution.

9.10 Disturbance Analysis Data Exchange. The Parties will cooperate with one another in the analysis of disturbances to either the Large Generating Facility or Transmission Provider's Transmission System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.

Article 10. Maintenance

10.1 Transmission Provider Obligations. Transmission Provider shall maintain the Transmission System and Transmission Provider's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.

- 10.2 Interconnection Customer Obligations.** Interconnection Customer shall maintain the Large Generating Facility and Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.
- 10.3 Coordination.** The Parties shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective maintenance on the Large Generating Facility and the Interconnection Facilities.
- 10.4 Secondary Systems.** Each Party shall cooperate with the other in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of a Party's facilities and equipment which may reasonably be expected to impact the other Party. Each Party shall provide advance notice to the other Party before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.
- 10.5 Operating and Maintenance Expenses.** Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Transmission Provider's Interconnection Facilities.

Article 11. Performance Obligation

- 11.1 Interconnection Customer Interconnection Facilities.** Interconnection Customer shall design, procure, construct, install, own and/or control Interconnection Customer

Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at its sole expense.

11.2 Transmission Provider's Interconnection Facilities.

Transmission Provider or Transmission Owner shall design, procure, construct, install, own and/or control the Transmission Provider's Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at the sole expense of the Interconnection Customer.

11.3 Network Upgrades and Distribution Upgrades.

Transmission Provider or Transmission Owner shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades. The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless Transmission Provider or Transmission Owner elects to fund the capital for the Network Upgrades, they shall be solely funded by Interconnection Customer. In the event that Transmission Provider must change the voltage levels of a discrete portion of the Transmission System to which the Interconnection Customer is connected, Transmission Provider shall give reasonable notice of such change and the Interconnection Customer shall be solely responsible for all costs related to upgrades or modifications to Interconnection Customer's Interconnection Facilities resulting from Transmission Provider's increase in the voltage levels of the Transmission System, in order to remain interconnected with the Transmission System at the new operating voltage. To the extent that the modifications necessary to upgrade Interconnection Facilities qualify as Network Upgrades, Transmission Provider shall be solely responsible for the expense of such modifications or upgrades.

11.4 Transmission Credits.

11.4.1 Repayment of Amounts Advanced for Network Upgrades. Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to Transmission Provider and Affected System Operator, if any, for the Network Upgrades, including any tax gross-up or

other tax-related payments associated with Network Upgrades, and not refunded to Interconnection Customer pursuant to Article 5.17.8 or otherwise, to be paid to Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under Transmission Provider's Tariff and Affected System's Tariff for transmission services with respect to the Large Generating Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. Interconnection Customer may assign such repayment rights to any person.

Notwithstanding the foregoing, Interconnection Customer, Transmission Provider, and Affected System Operator may adopt any alternative payment schedule that is mutually agreeable so long as Transmission Provider and Affected System Operator take one of the following actions no later than five years from the Commercial Operation Date: (1) return to Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that Transmission Provider or Affected System Operator will continue to provide payments to Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond twenty (20) years from the Commercial Operation Date.

If the Large Generating Facility fails to achieve commercial operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, Transmission

Provider and Affected System Operator shall at that time reimburse Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the Generating Facility, if different, is responsible for identifying the entity to which reimbursement must be made.

11.4.2 Special Provisions for Affected Systems.

Unless Transmission Provider provides, under the LGIA, for the repayment of amounts advanced to Affected System Operator for Network Upgrades, Interconnection Customer and Affected System Operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.

11.4.3

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

11.5 Provision of Security. At least thirty (30) Calendar Days prior to the commencement of the first of the following to occur: design, procurement, installation, or construction of a discrete portion of a Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Transmission Provider, at Interconnection Customer's option, a guarantee, a surety bond, letter of

credit or other form of security that is reasonably acceptable to Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to Transmission Provider for these purposes.

In addition:

11.5.1 The guarantee must be made by an entity that meets the creditworthiness requirements of Transmission Provider, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

11.5.2 The letter of credit must be issued by a financial institution reasonably acceptable to Transmission Provider and must indicate that it would only expire upon final payment made to Transmission Provider to cover all relevant costs for designing, procuring, installing, and constructing the applicable portion of Interconnection Facilities, Network Upgrades, or Distribution Upgrades for which the letter of credit was provided.

11.5.3 The surety bond must be issued by an insurer reasonably acceptable to Transmission Provider and must indicate that it would only expire upon final payment made to Transmission Provider to cover all relevant costs for designing, procuring, installing, and constructing the applicable portion of Interconnection Facilities, Network Upgrades, or Distribution Upgrades for which the surety bond was provided.

11.6 Interconnection Customer Compensation. If Transmission Provider requests or directs Interconnection Customer to provide a service pursuant to Articles 9.6.3 (Payment for Reactive Power), or 13.5.1 of this LGIA, Transmission

Provider shall compensate Interconnection Customer in accordance with Interconnection Customer's applicable rate schedule then in effect unless the provision of such service(s) is subject to an RTO or ISO FERC-approved rate schedule. Interconnection Customer shall serve Transmission Provider or RTO or ISO with any filing of a proposed rate schedule at the time of such filing with FERC. To the extent that no rate schedule is in effect at the time the Interconnection Customer is required to provide or absorb any Reactive Power under this LGIA, Transmission Provider agrees to compensate Interconnection Customer in such amount as would have been due Interconnection Customer had the rate schedule been in effect at the time service commenced; provided, however, that such rate schedule must be filed at FERC or other appropriate Governmental Authority within sixty (60) Calendar Days of the commencement of service.

11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition.

Transmission Provider or RTO or ISO shall compensate Interconnection Customer for its provision of real and reactive power and other Emergency Condition services that Interconnection Customer provides to support the Transmission System during an Emergency Condition in accordance with Article 11.6.

Article 12. Invoice

12.1 General. Each Party shall submit to the other Party, on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party under this LGIA, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

12.2 Final Invoice. Within six months after completion of the construction of Transmission Provider's Interconnection Facilities and the Network Upgrades, Transmission Provider shall provide an invoice of the final cost of the

construction of Transmission Provider's Interconnection Facilities and the Network Upgrades and shall set forth such costs in sufficient detail to enable Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. Transmission Provider shall refund to Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice.

12.3 Payment. Invoices shall be rendered to the paying Party at the address specified in Appendix F. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices by either Party will not constitute a waiver of any rights or claims either Party may have under this LGIA.

12.4 Disputes. In the event of a billing dispute between Transmission Provider and Interconnection Customer, Transmission Provider shall continue to provide Interconnection Service under this LGIA as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to Transmission Provider or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then Transmission Provider may provide notice to Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in FERC's regulations at 18 CFR § 35.19a(a)(2)(iii).

Article 13. Emergencies

13.1 Definition. "Emergency Condition" shall mean a condition or situation: (i) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (ii) that, in the case of Transmission

Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Transmission System, Transmission Provider's Interconnection Facilities or the Transmission Systems of others to which the Transmission System is directly connected; or (iii) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Large Generating Facility or Interconnection Customer's Interconnection Facilities' System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by this LGIA to possess black start capability.

13.2 Obligations. Each Party shall comply with the Emergency Condition procedures of the applicable ISO/RTO, NERC, the Applicable Reliability Council, Applicable Laws and Regulations, and any emergency procedures agreed to by the Joint Operating Committee.

13.3 Notice. Transmission Provider shall notify Interconnection Customer promptly when it becomes aware of an Emergency Condition that affects Transmission Provider's Interconnection Facilities or the Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Interconnection Customer shall notify Transmission Provider promptly when it becomes aware of an Emergency Condition that affects the Large Generating Facility or Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the Transmission System or Transmission Provider's Interconnection Facilities. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of Interconnection Customer's or Transmission Provider's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

13.4 Immediate Action. Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of Transmission Provider, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or Interconnection Customer's Interconnection Facilities in response to an Emergency Condition either declared by Transmission Provider or otherwise regarding the Transmission System.

13.5 Transmission Provider Authority.

13.5.1 General. Transmission Provider may take whatever actions or inactions with regard to the Transmission System or Transmission Provider's Interconnection Facilities it deems necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Transmission System or Transmission Provider's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

Transmission Provider shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Transmission Provider may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency Condition by taking actions necessary and limited in scope to remedy the Emergency Condition, including, but not limited to, directing Interconnection Customer to shut-down, start-up, increase or decrease the real or reactive power output of the Large Generating Facility; implementing a reduction or disconnection pursuant to Article 13.5.2; directing Interconnection Customer to assist with blackstart (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of Transmission Provider's operating instructions

concerning Large Generating Facility real power and reactive power output within the manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

13.5.2 Reduction and Disconnection. Transmission Provider may reduce Interconnection Service or disconnect the Large Generating Facility or Interconnection Customer's Interconnection Facilities, when such, reduction or disconnection is necessary under Good Utility Practice due to Emergency Conditions. These rights are separate and distinct from any right of curtailment of Transmission Provider pursuant to Transmission Provider's Tariff. When Transmission Provider can schedule the reduction or disconnection in advance, Transmission Provider shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. Transmission Provider shall coordinate with Interconnection Customer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to Interconnection Customer and Transmission Provider. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. The Parties shall cooperate with each other to restore the Large Generating Facility, the Interconnection Facilities, and the Transmission System to their normal operating state as soon as practicable consistent with Good Utility Practice.

13.6 Interconnection Customer Authority. Consistent with Good Utility Practice and the LGIA and the LGIP, Interconnection Customer may take actions or inactions with regard to the Large Generating Facility or Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Transmission System and Transmission Provider's Interconnection Facilities. Transmission Provider shall use Reasonable Efforts to assist Interconnection Customer in such actions.

- 13.7 Limited Liability.** Except as otherwise provided in Article 11.6.1 of this LGIA, neither Party shall be liable to the other for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and is consistent with Good Utility Practice.

Article 14. Regulatory Requirements and Governing Law

- 14.1 Regulatory Requirements.** Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act, the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978.

14.2 Governing Law.

- 14.2.1** The validity, interpretation and performance of this LGIA and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.
- 14.2.2** This LGIA is subject to all Applicable Laws and Regulations.
- 14.2.3** Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any

laws, orders, rules, or regulations of a
Governmental Authority.

Article 15. Notices.

15.1 General. Unless otherwise provided in this LGIA, any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party in writing to the other shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F, Addresses for Delivery of Notices and Billings.

Either Party may change the notice information in this LGIA by giving five (5) Business Days written notice prior to the effective date of the change.

15.2 Billings and Payments. Billings and payments shall be sent to the addresses set out in Appendix F.

15.3 Alternative Forms of Notice. Any notice or request required or permitted to be given by a Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F.

15.4 Operations and Maintenance Notice. Each Party shall notify the other Party in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

Article 16. Force Majeure

16.1 Force Majeure.

16.1.1 Economic hardship is not considered a Force Majeure event.

16.1.2 Neither Party shall be considered to be in Default with respect to any obligation

hereunder, (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

Article 17. Default

17.1 Default

17.1.1 General. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act of omission of the other Party. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party. Except as provided in Article 17.1.2, the breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within

such time, the Breach specified in such notice shall cease to exist.

- 17.1.2 Right to Terminate.** If a Breach is not cured as provided in this article, or if a Breach is not capable of being cured within the period provided for herein, the non-breaching Party shall have the right to declare a Default and terminate this LGIA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this LGIA, to recover from the breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this LGIA.

Article 18. Indemnity, Consequential Damages and Insurance

- 18.1 Indemnity.** The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this LGIA on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnified Party.

- 18.1.1 Indemnified Person.** If an Indemnified Person is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1, to assume the defense of such claim, such Indemnified Person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

- 18.1.2 Indemnifying Party.** If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article

18, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and

control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

18.2 Consequential Damages. Other than the Liquidated Damages heretofore described, in no event shall either Party be liable under any provision of this LGIA for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

18.3 Insurance. Each party shall, at its own expense, maintain in force throughout the period of this LGIA, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

18.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

- 18.3.2** Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.
- 18.3.3** Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.
- 18.3.4** Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.
- 18.3.5** The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance

written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

- 18.3.6** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.
- 18.3.7** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.
- 18.3.8** The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.
- 18.3.9** Within ten (10) days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.

18.3.10 Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade or better by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this article, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.

18.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this LGIA.

Article 19. Assignment

19.1 Assignment. This LGIA may be assigned by either Party only with the written consent of the other; provided that either Party may assign this LGIA without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this LGIA; and provided further that Interconnection Customer shall have the right to assign this LGIA, without the consent of Transmission Provider, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that Interconnection Customer will promptly notify Transmission Provider of any such assignment. Any financing arrangement entered into by Interconnection Customer pursuant to this article will

provide that prior to or upon the exercise of the secured Party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify Transmission Provider of the date and particulars of any such exercise of assignment right(s), including providing the Transmission Provider with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this article is void and ineffective. Any assignment under this LGIA shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

Article 20. Severability

20.1 Severability. If any provision in this LGIA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this LGIA; provided that if Interconnection Customer (or any third party, but only if such third party is not acting at the direction of Transmission Provider) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (Article 5.1.1).

Article 21. Comparability

21.1 Comparability. The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

Article 22. Confidentiality

22.1 Confidentiality. Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of this LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article 22 warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

22.1.1 Term. During the term of this LGIA, and for a period of three (3) years after the expiration or termination of this LGIA, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

22.1.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this LGIA; or (6) is required, in accordance with Article 22.1.7 of the LGIA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or

subpoena, or is necessary in any legal proceeding establishing rights and obligations under this LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

22.1.3 Release of Confidential Information. Neither Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

22.1.4 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

22.1.5 No Warranties. By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further

agreements or proceed with any other relationship or joint venture.

22.1.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this LGIA or its regulatory requirements.

22.1.7 Order of Disclosure. If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this LGIA.

Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

22.1.8 Termination of Agreement. Upon termination of this LGIA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.

22.1.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

22.1.10 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 CFR section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this LGIA, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 CFR section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party to this LGIA prior to the release of the Confidential Information to

FERC or its staff. The Party shall notify the other Party to the LGIA when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

- 22.1.11** Subject to the exception in Article 22.1.10, any information that a Party claims is competitively sensitive, commercial or financial information under this LGIA ("Confidential Information") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIA or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from

public disclosure by confidentiality agreement, protective order or other reasonable measures.

Article 23. Environmental Releases

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

Article 24. Information Requirements

24.1 Information Acquisition. Transmission Provider and Interconnection Customer shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.

24.2 Information Submission by Transmission Provider. The initial information submission by Transmission Provider shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include Transmission System information necessary to allow Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise agreed to by the Parties. On a monthly basis Transmission Provider shall provide Interconnection Customer a status report on the construction and installation of Transmission Provider's Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

24.3 Updated Information Submission by Interconnection Customer. The updated information submission by

Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Trial Operation. Interconnection Customer shall submit a completed copy of the Large Generating Facility data requirements contained in Appendix 1 to the LGIP. It shall also include any additional information provided to Transmission Provider for the Feasibility and Facilities Study. Information in this submission shall be the most current Large Generating Facility design or expected performance data. Information submitted for stability models shall be compatible with Transmission Provider standard models. If there is no compatible model, Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If Interconnection Customer's data is materially different from what was originally provided to Transmission Provider pursuant to the Interconnection Study Agreement between Transmission Provider and Interconnection Customer, then Transmission Provider will conduct appropriate studies to determine the impact on Transmission Provider Transmission System based on the actual data submitted pursuant to this Article 24.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed.

24.4 Information Supplementation. Prior to the Operation Date, the Parties shall supplement their information submissions described above in this Article 24 with any and all "as-built" Large Generating Facility information or "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the Large Generating Facility as required by Good Utility Practice such as an open circuit "step voltage" test on the Large Generating Facility to verify proper operation of the Large Generating Facility's automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Large Generating Facility at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent change in Large Generating Facility terminal voltage initiated by a change in the voltage regulators reference voltage. Interconnection Customer shall provide validated test

recordings showing the responses of Large Generating Facility terminal and field voltages. In the event that direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Large Generating Facility's terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Large Generating Facility terminal or field voltages is provided. Large Generating Facility testing shall be conducted and results provided to Transmission Provider for each individual generating unit in a station.

Subsequent to the Operation Date, Interconnection Customer shall provide Transmission Provider any information changes due to equipment replacement, repair, or adjustment. Transmission Provider shall provide Interconnection Customer any information changes due to equipment replacement, repair or adjustment in the directly connected substation or any adjacent Transmission Provider-owned substation that may affect Interconnection Customer's Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such information no later than thirty (30) Calendar Days after the date of the equipment replacement, repair or adjustment.

Article 25. Information Access and Audit Rights

- 25.1 Information Access.** Each Party (the "disclosing Party") shall make available to the other Party information that is in the possession of the disclosing Party and is necessary in order for the other Party to: (i) verify the costs incurred by the disclosing Party for which the other Party is responsible under this LGIA; and (ii) carry out its obligations and responsibilities under this LGIA. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 and to enforce their rights under this LGIA.
- 25.2 Reporting of Non-Force Majeure Events.** Each Party (the "notifying Party") shall notify the other Party when the notifying Party becomes aware of its inability to comply with the provisions of this LGIA for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration,

reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this LGIA.

25.3 Audit Rights. Subject to the requirements of confidentiality under Article 22 of this LGIA, each Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit at its own expense the other Party's accounts and records pertaining to either Party's performance or either Party's satisfaction of obligations under this LGIA. Such audit rights shall include audits of the other Party's costs, calculation of invoiced amounts, Transmission Provider's efforts to allocate responsibility for the provision of reactive support to the Transmission System, Transmission Provider's efforts to allocate responsibility for interruption or reduction of generation on the Transmission System, and each Party's actions in an Emergency Condition. Any audit authorized by this article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each Party's performance and satisfaction of obligations under this LGIA. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement, and construction of Transmission Provider's Interconnection Facilities and Network Upgrades shall be subject to audit for a period of twenty-four months following Transmission Provider's issuance of a final invoice in accordance with Article 12.2.

25.4.2 Audit Rights Period for All Other Accounts and Records. Accounts and records related to either Party's performance or satisfaction of

all obligations under this LGIA other than those described in Article 25.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought.

25.5 Audit Results. If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination.

Article 26. Subcontractors

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

26.2 Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this LGIA. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall Transmission Provider be liable for the actions or inactions of Interconnection Customer or its subcontractors with respect to obligations of Interconnection Customer under Article 5 of this LGIA. Any applicable obligation imposed by this LGIA upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance. The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

Article 27. Disputes

27.1 Submission. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this LGIA or its performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

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

any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.

27.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this LGIA and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

27.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

Article 28. Representations, Warranties, and Covenants

28.1 General. Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing. Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power

and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.

28.1.2 Authority. Such Party has the right, power and authority to enter into this LGIA, to become a Party hereto and to perform its obligations hereunder. This LGIA is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

28.1.3 No Conflict. The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

28.1.4 Consent and Approval. Such Party has sought or obtained, or, in accordance with this LGIA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this LGIA, and it will provide to any Governmental Authority notice of any actions under this LGIA that are required by Applicable Laws and Regulations.

Article 29. Joint Operating Committee

29.1 Joint Operating Committee. Except in the case of ISOs and RTOs, Transmission Provider shall constitute a Joint Operating

Committee to coordinate operating and technical considerations of Interconnection Service. At least six (6) months prior to the expected Initial Synchronization Date, Interconnection Customer and Transmission Provider shall each appoint one representative and one alternate to the Joint Operating Committee. Each Interconnection Customer shall notify Transmission Provider of its appointment in writing. Such appointments may be changed at any time by similar notice. The Joint Operating Committee shall meet as necessary, but not less than once each calendar year, to carry out the duties set forth herein. The Joint Operating Committee shall hold a meeting at the request of either Party, at a time and place agreed upon by the representatives. The Joint Operating Committee shall perform all of its duties consistent with the provisions of this LGIA. Each Party shall cooperate in providing to the Joint Operating Committee all information required in the performance of the Joint Operating Committee's duties. All decisions and agreements, if any, made by the Joint Operating Committee, shall be evidenced in writing. The duties of the Joint Operating Committee shall include the following:

- 29.1.1** Establish data requirements and operating record requirements.
- 29.1.2** Review the requirements, standards, and procedures for data acquisition equipment, protective equipment, and any other equipment or software.
- 29.1.3** Annually review the one (1) year forecast of maintenance and planned outage schedules of Transmission Provider's and Interconnection Customer's facilities at the Point of Interconnection.
- 29.1.4** Coordinate the scheduling of maintenance and planned outages on the Interconnection Facilities, the Large Generating Facility and other facilities that impact the normal operation of the interconnection of the Large Generating Facility to the Transmission System.
- 29.1.5** Ensure that information is being provided by each Party regarding equipment availability.

29.1.6 Perform such other duties as may be conferred upon it by mutual agreement of the Parties.

Article 30. Miscellaneous

- 30.1 Binding Effect.** This LGIA and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 30.2 Conflicts.** In the event of a conflict between the body of this LGIA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this LGIA shall prevail and be deemed the final intent of the Parties.
- 30.3 Rules of Interpretation.** This LGIA, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this LGIA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this LGIA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this LGIA or such Appendix to this LGIA, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this LGIA as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from

and including", "to" means "to but excluding" and "through" means "through and including".

- 30.4 Entire Agreement.** This LGIA, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this LGIA. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this LGIA.
- 30.5 No Third Party Beneficiaries.** This LGIA is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.
- 30.6 Waiver.** The failure of a Party to this LGIA to insist, on any occasion, upon strict performance of any provision of this LGIA will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this LGIA shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this LGIA. Termination or Default of this LGIA for any reason by Interconnection Customer shall not constitute a waiver of Interconnection Customer's legal rights to obtain an interconnection from Transmission Provider. Any waiver of this LGIA shall, if requested, be provided in writing.
- 30.7 Headings.** The descriptive headings of the various Articles of this LGIA have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this LGIA.
- 30.8 Multiple Counterparts.** This LGIA may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

30.9 Amendment. The Parties may by mutual agreement amend this LGIA by a written instrument duly executed by the Parties.

30.10 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this LGIA by a written instrument duly executed by the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.

30.11 Reservation of Rights. Transmission Provider shall have the right to make a unilateral filing with FERC to modify this LGIA with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this LGIA pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this LGIA shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

30.12 No Partnership. This LGIA shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

IN WITNESS WHEREOF, the Parties have executed this LGIA in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

[Insert name of Transmission Provider or Transmission Owner, if applicable]

By: _____

Title: _____

Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

Appendix A to LGIA

**Interconnection Facilities, Network Upgrades and Distribution
Upgrades**

1. Interconnection Facilities:

(a) [insert Interconnection Customer's Interconnection
Facilities]:

(b) [insert Transmission Provider's Interconnection
Facilities]:

2. Network Upgrades:

(a) [insert Stand Alone Network Upgrades]:

(b) [insert Other Network Upgrades]:

3. Distribution Upgrades:

Appendix B To LGIA

Milestones

Appendix C To LGIA
Interconnection Details

Appendix D To LGIA

Security Arrangements Details

Infrastructure security of Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day Transmission System reliability and operational security. FERC will expect all Transmission Providers, market participants, and Interconnection Customers interconnected to the Transmission System to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

Appendix E To LGIA

Commercial Operation Date

This Appendix E is a part of the LGIA between Transmission Provider and Interconnection Customer.

[Date]

[Transmission Provider Address]

Re: _____ Large Generating Facility

Dear _____:

On **[Date]** **[Interconnection Customer]** has completed Trial Operation of Unit No. _____. This letter confirms that **[Interconnection Customer]** commenced Commercial Operation of Unit No. at the Large Generating Facility, effective as of **[Date plus one day]**.

Thank you.

[Signature]

[Interconnection Customer Representative]

Appendix F to LGIA

Addresses for Delivery of Notices and Billings

Notices:

Transmission Provider:

US Mail Deliveries: PacifiCorp Transmission
PO Box 2757
Portland, OR 97208-2757

Other Deliveries: PacifiCorp Transmission
Attn: Central Cashiers
1033 NE 6th Ave
Portland OR 97232-2017

Phone Number: [Add Central Cashiers Phone Number]

Interconnection Customer:

[To be supplied.]

Billings and Payments:

Transmission Provider:

US Mail Deliveries: PacifiCorp Transmission
PO Box 2757
Portland, OR 97208-2757

Other Deliveries: PacifiCorp Transmission
Attn: Central Cashiers
1033 NE 6th Ave
Portland OR 97232-2017

Phone Number: [Add Central Cashiers Phone Number]

Interconnection Customer:

[To be supplied.]

Alternative Forms of Delivery of Notices (telephone, facsimile or email):

Transmission Provider:

Director, Transmission Services	[Add phone number]
Manager, Transmission Scheduling	[Add phone number]
Manager, Interconnection Services	[Add phone number]
Manager, Transmission Services	[Add phone number]
Transmission Business Facsimile	[Add facsimile number]

OASIS Address:

<http://www.oasis.pacificorp.com/oasis/ppw/main.htmlx>

Interconnection Customer:

[To be supplied.]

Appendix G to LGIA

INTERCONNECTION REQUIREMENTS FOR A WIND GENERATING PLANT

Appendix G sets forth requirements and provisions specific to a wind generating plant. All other requirements of this LGIA continue to apply to wind generating plant interconnections.

A. Technical Standards Applicable to a Wind Generating Plant

i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generating plants subject to FERC Order 661 that have either: (i) interconnection agreements signed and filed with the Commission, filed with the Commission in unexecuted form, or filed with the Commission as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 - 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the transformer

that steps the voltage up to the transmission interconnection voltage or "GSU"), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Appendix G LVRT Standard.

Post-transition Period LVRT Standard

All wind generating plants subject to FERC Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 - 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented

by the transmission provider. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system. A wind generating plant shall remain interconnected during such a fault on the transmission system for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Appendix G LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

A wind generating plant shall maintain a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this LGIA, if the Transmission Provider's System Impact Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if agreed to by the Transmission Provider, or a combination of

the two. The Interconnection Customer shall not disable power factor equipment while the wind plant is in operation. Wind plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the System Impact Study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind plant shall provide SCADA capability to transmit data and receive instructions from the Transmission Provider to protect system reliability. The Transmission Provider and the wind plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

Appendix 7 to LGIP

INTERCONNECTION PROCEDURES FOR A

WIND GENERATING PLANT

Appendix 7 sets forth procedures specific to a wind generating plant. All other requirements of this LGIP continue to apply to wind generating plant interconnections.

A. Special Procedures Applicable to Wind Generators

The wind plant Interconnection Customer, in completing the Interconnection Request required by section 3.3 of this LGIP, may provide to the Transmission Provider a set of preliminary electrical design specifications depicting the wind plant as a single equivalent generator. Upon satisfying these and other applicable Interconnection Request conditions, the wind plant may enter the queue and receive the base case data as provided for in this LGIP.

No later than six months after submitting an Interconnection Request completed in this manner, the wind plant Interconnection Customer must submit completed detailed electrical design specifications and other data (including collector system layout data) needed to allow the Transmission Provider to complete the System Impact Study.

ATTACHMENT O

**ATTACHMENTS TO SMALL GENERATOR INTERCONNECTION PROCEDURES
(Refer to Part V of the Tariff)**

APPENDIX 1	Glossary of Terms
APPENDIX 2	Small Generator Interconnection Request
APPENDIX 3	Certification Codes and Standards
APPENDIX 4	Certification of Small Generator Equipment Packages
APPENDIX 5	Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10 kW ("10 kW Inverter Process")
APPENDIX 6	Feasibility Study Agreement
APPENDIX 7	System Impact Study Agreement
APPENDIX 8	Facilities Study Agreement
APPENDIX 9	Small Generator Interconnection Agreement (SGIA)

APPENDIX 1 TO SGIP

Glossary of Terms

10 kW Inverter Process - The procedure for evaluating an Interconnection Request for a certified inverter-based Small Generating Facility no larger than 10 kW that uses the section 50 screens. The application process uses an all-in-one document that includes a simplified Interconnection Request, simplified procedures, and a brief set of terms and conditions. See SGIP Appendix 5 to Attachment O of the Tariff.

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

Business Day - Monday through Friday, excluding Federal Holidays.

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

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

Fast Track Process - The procedure for evaluating an Interconnection Request for a certified Small Generating Facility no larger than 2 MW that includes the section 50 screens, customer options meeting, and optional supplemental review.

Good Utility Practice - Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired

result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

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

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

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

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

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

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

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

Queue Position - The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

Small Generating Facility - The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Study Process - The procedure for evaluating an Interconnection Request that includes the section 51 scoping meeting, feasibility study, system impact study, and facilities study.

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

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

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

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

APPENDIX 2 TO SGIP
SMALL GENERATOR INTERCONNECTION REQUEST
(Application Form)

Transmission Provider: _____

Designated Contact Person: _____

Address: _____

Telephone Number: _____

Fax: _____

E-Mail Address: _____

An Interconnection Request is considered complete when it provides all applicable and correct information required below. Per SGIP section 49.5, documentation of site control must be submitted with the Interconnection Request.

Preamble and Instructions

An Interconnection Customer who requests a Federal Energy Regulatory Commission jurisdictional interconnection must submit this Interconnection Request by hand delivery, mail, e-mail, or fax to the Transmission Provider.

Processing Fee or Deposit:

If the Interconnection Request is submitted under the Fast Track Process, the non-refundable processing fee is \$500.

If the Interconnection Request is submitted under the Study Process, whether a new submission or an Interconnection Request that did not pass the Fast Track Process, the Interconnection Customer shall submit to the Transmission Provider a deposit not to exceed \$1,000 towards the cost of the feasibility study.

Interconnection Customer Information

Legal Name of the Interconnection Customer (or, if an individual, individual's name)

Name: _____

Contact Person: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Facility Location (if different from above): _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Alternative Contact Information (if different from the Interconnection Customer)

Contact Name: _____

Title: _____

Address: _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Application is for: New Small Generating Facility
 Capacity addition to Existing Small Generating Facility

If capacity addition to existing facility, please describe: _____

Will the Small Generating Facility be used for any of the following?

Net Metering? Yes ___ No ___

To Supply Power to the Interconnection Customer? Yes ___ No ___

To Supply Power to Others? Yes ___ No ___

For installations at locations with existing electric service to which the proposed Small Generating Facility will interconnect, provide:

(Local Electric Service Provider*)

(Existing Account Number*)

[*To be provided by the Interconnection Customer if the local electric service provider is different from the Transmission Provider]

Contact Name: _____

Title: _____

Address: _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Requested Point of Interconnection: _____

Interconnection Customer's Requested In-Service Date: _____

Small Generating Facility Information

Data apply only to the Small Generating Facility, not the Interconnection Facilities.

Energy Source: ___Solar___ Wind___ Hydro Hydro Type (e.g. Run-of-River): _____
___Diesel___ Natural Gas ___Fuel Oil___ Other (state type)

Prime Mover: ___Fuel Cell___ Recip Engine ___Gas Turb ___Steam Turb
___Microturbine ___PV ___Other

Type of Generator: ___Synchronous ___Induction ___Inverter

Generator Nameplate Rating: _____ kW (Typical) Generator Nameplate kVAR: _____

Interconnection Customer or Customer-Site Load: _____ kW (if none, so state)

Typical Reactive Load (if known): _____

Maximum Physical Export Capability Requested: _____ kW

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

Is the prime mover compatible with the certified protective relay package? ___Yes
___No

Generator (or solar collector)

Manufacturer, Model Name & Number: _____
Version Number: _____

Nameplate Output Power Rating in kW: (Summer) _____ (Winter) _____
Nameplate Output Power Rating in kVA: (Summer) _____ (Winter) _____

Individual Generator Power Factor
Rated Power Factor: Leading: _____ Lagging: _____

Total Number of Generators in wind farm to be interconnected pursuant to this
Interconnection Request: _____ Elevation: _____ ___ Single phase ___ Three
phase

Inverter Manufacturer, Model Name & Number (if used):

List of adjustable set points for the protective equipment or software:

Note: A completed Power Systems Load Flow data sheet must be supplied with the
Interconnection Request.

Small Generating Facility Characteristic Data (for inverter-based machines)

Max design fault contribution current: _____ Instantaneous ___ or RMS? ___

Harmonics Characteristics: _____

Start-up requirements: _____

Small Generating Facility Characteristic Data (for rotating machines)

RPM Frequency: _____
(*) Neutral Grounding Resistor (If Applicable): _____

Synchronous Generators:

Direct Axis Synchronous Reactance, X_d : _____ P.U.
Direct Axis Transient Reactance, X'_d : _____ P.U.
Direct Axis Subtransient Reactance, X''_d : _____ P.U.
Negative Sequence Reactance, X_2 : _____ P.U.
Zero Sequence Reactance, X_0 : _____ P.U.
KVA Base: _____
Field Volts: _____
Field Amperes: _____

Induction Generators:

Motoring Power (kW): _____
 I^2t or K (Heating Time Constant): _____
Rotor Resistance, R_r : _____
Stator Resistance, R_s : _____
Stator Reactance, X_s : _____
Rotor Reactance, X_r : _____
Magnetizing Reactance, X_m : _____
Short Circuit Reactance, X_d'' : _____
Exciting Current: _____
Temperature Rise: _____
Frame Size: _____
Design Letter: _____
Reactive Power Required In Vars (No Load): _____
Reactive Power Required In Vars (Full Load): _____
Total Rotating Inertia, H: _____ Per Unit on kVA Base

Note: Please contact the Transmission Provider prior to submitting the Interconnection Request to determine if the specified information above is required.

Excitation and Governor System Data for Synchronous Generators Only

Provide appropriate IEEE model block diagram of excitation system, governor system and power system stabilizer (PSS) in accordance with the regional reliability council criteria. A PSS may be determined to be required by applicable studies. A copy of the manufacturer's block diagram may not be substituted.

Interconnection Facilities Information

Will a transformer be used between the generator and the point of common coupling? ___ Yes
___ No

Will the transformer be provided by the Interconnection Customer? ___ Yes ___ No

Transformer Data (If Applicable, for Interconnection Customer-Owned Transformer):

Is the transformer: ___ single phase ___ three phase? Size:
_____ kVA
Transformer Impedance: _____ % on _____ kVA Base

If Three Phase:

Transformer Primary: ___ Volts ___ Delta ___ Wye ___ Wye Grounded
Transformer Secondary: ___ Volts ___ Delta ___ Wye ___ Wye Grounded
Transformer Tertiary: Volts Delta Wye Wye Grounded

Transformer Fuse Data (If Applicable, for Interconnection Customer-Owned Fuse):

(Attach copy of fuse manufacturer's Minimum Melt and Total Clearing Time-Current Curves)

Manufacturer: _____ Type: _____ Size: _____ Speed:

Interconnecting Circuit Breaker (if applicable):

Manufacturer: _____ Type: _____
Load Rating (Amps): _____ Interrupting Rating (Amps): _____ Trip Speed (Cycles):

Interconnection Protective Relays (If Applicable):

If Microprocessor-Controlled:

List of Functions and Adjustable Setpoints for the protective equipment or software:

Setpoint Function	Minimum	Maximum
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____

If Discrete Components:

(Enclose Copy of any Proposed Time-Overcurrent Coordination Curves)

Manufacturer: _____ Type: Style/Catalog No.: _____ Proposed Setting: _____
Manufacturer: _____ Type: Style/Catalog No.: _____ Proposed Setting: _____
Manufacturer: _____ Type: Style/Catalog No.: _____ Proposed Setting: _____
Manufacturer: _____ Type: Style/Catalog No.: _____ Proposed Setting: _____
Manufacturer: _____ Type: Style/Catalog No.: _____ Proposed Setting: _____

Current Transformer Data (If Applicable):

(Enclose Copy of Manufacturer's Excitation and Ratio Correction Curves)

Manufacturer: _____
Type: _____ Accuracy Class: Proposed Ratio Connection: _____

Manufacturer: _____
Type: _____ Accuracy Class: Proposed Ratio Connection: _____

Potential Transformer Data (If Applicable):

Manufacturer: _____
Type: _____ Accuracy Class: Proposed Ratio Connection: _____

Manufacturer: _____
Type: _____ Accuracy Class: Proposed Ratio Connection: _____

General Information

Enclose copy of site electrical one-line diagram showing the configuration of all Small Generating Facility equipment, current and potential circuits, and protection and control schemes. This one-line diagram must be signed and stamped by a licensed Professional Engineer if the Small Generating Facility is larger than 50 kW. Is One-Line Diagram Enclosed?
___ Yes ___ No

Enclose copy of any site documentation that indicates the precise physical location of the proposed Small Generating Facility (e.g., USGS topographic map or other diagram or documentation).

Proposed location of protective interface equipment on property (include address if different from the Interconnection Customer's address)

Enclose copy of any site documentation that describes and details the operation of the protection and control schemes. Is Available Documentation Enclosed? ___ Yes ___ No

Enclose copies of schematic drawings for all protection and control circuits, relay current circuits, relay potential circuits, and alarm/monitoring circuits (if applicable).
Are Schematic Drawings Enclosed? ___ Yes ___ No

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Interconnection Request is true and correct.

For Interconnection Customer: _____ Date:

APPENDIX 3 TO SGIP

Certification Codes and Standards

IEEE1547 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity)

UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems

IEEE Std 929-2000 IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems

NFPA 70 (2002), National Electrical Code

IEEE Std C37.90.1-1989 (R1994), IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems

IEEE Std C37.90.2 (1995), IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers

IEEE Std C37.108-1989 (R2002), IEEE Guide for the Protection of Network Transformers

IEEE Std C57.12.44-2000, IEEE Standard Requirements for Secondary Network Protectors

IEEE Std C62.41.2-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits

IEEE Std C62.45-1992 (R2002), IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits

ANSI C84.1-1995 Electric Power Systems and Equipment - Voltage Ratings (60 Hertz)

IEEE Std 100-2000, IEEE Standard Dictionary of Electrical and Electronic Terms

NEMA MG 1-1998, Motors and Small Resources, Revision 3

IEEE Std 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems

NEMA MG 1-2003 (Rev 2004), Motors and Generators, Revision 1

APPENDIX 4 TO SGIP

Certification of Small Generator Equipment Packages

- 1.0 Small Generating Facility equipment proposed for use separately or packaged with other equipment in an interconnection system shall be considered certified for interconnected operation if (1) it has been tested in accordance with industry standards for continuous utility interactive operation in compliance with the appropriate codes and standards referenced below by any Nationally Recognized Testing Laboratory (NRTL) recognized by the United States Occupational Safety and Health Administration to test and certify interconnection equipment pursuant to the relevant codes and standards listed in SGIP Appendix 3 to Attachment O of the Tariff, (2) it has been labeled and is publicly listed by such NRTL at the time of the interconnection application, and (3) such NRTL makes readily available for verification all test standards and procedures it utilized in performing such equipment certification, and, with consumer approval, the test data itself. The NRTL may make such information available on its website and by encouraging such information to be included in the manufacturer's literature accompanying the equipment.
- 2.0 The Interconnection Customer must verify that the intended use of the equipment falls within the use or uses for which the equipment was tested, labeled, and listed by the NRTL.
- 3.0 Certified equipment shall not require further type-test review, testing, or additional equipment to meet the requirements of this interconnection procedure; however, nothing herein shall preclude the need for an on-site commissioning test by the parties to the interconnection nor follow-up production testing by the NRTL.
- 4.0 If the certified equipment package includes only interface components (switchgear, inverters, or other interface devices), then an Interconnection Customer must show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and is consistent with the testing and listing specified for this type of interconnection equipment.

- 5.0 Provided the generator or electric source, when combined with the equipment package, is within the range of capabilities for which it was tested by the NRTL, and does not violate the interface components' labeling and listing performed by the NRTL, no further design review, testing or additional equipment on the customer side of the point of common coupling shall be required to meet the requirements of this interconnection procedure.
- 6.0 An equipment package does not include equipment provided by the utility.
- 7.0 Any equipment package approved and listed in a state by that state's regulatory body for interconnected operation in that state prior to the effective date of these small generator interconnection procedures shall be considered certified under these procedures for use in that state.

APPENDIX 5 TO SGIP

**Application, Procedures, and Terms and Conditions for
Interconnecting a Certified Inverter-Based Small Generating
Facility No Larger than 10 kW ("10 kW Inverter Process")**

- 1.0 The Interconnection Customer ("Customer") completes the Interconnection Request ("Application") and submits it to the Transmission Provider ("Company").
- 2.0 The Company acknowledges to the Customer receipt of the Application within three Business Days of receipt.
- 3.0 The Company evaluates the Application for completeness and notifies the Customer within ten Business Days of receipt that the Application is or is not complete and, if not, advises what material is missing.
- 4.0 The Company verifies that the Small Generating Facility can be interconnected safely and reliably using the screens contained in the Fast Track Process in the Small Generator Interconnection Procedures (SGIP). The Company has 15 Business Days to complete this process. Unless the Company determines and demonstrates that the Small Generating Facility cannot be interconnected safely and reliably, the Company approves the Application and returns it to the Customer. Note to Customer: Please check with the Company before submitting the Application if disconnection equipment is required.
- 5.0 After installation, the Customer returns the Certificate of Completion to the Company. Prior to parallel operation, the Company may inspect the Small Generating Facility for compliance with standards which may include a witness test, and may schedule appropriate metering replacement, if necessary.
- 6.0 The Company notifies the Customer in writing that interconnection of the Small Generating Facility is authorized. If the witness test is not satisfactory, the Company has the right to disconnect the Small Generating Facility. The Customer has no right to operate in parallel until a witness test has been performed, or previously waived on the Application. The Company is obligated to complete this witness test within ten Business Days of the receipt of the Certificate of Completion. If the Company

does not inspect within ten Business Days or by mutual agreement of the Parties, the witness test is deemed waived.

- 7.0 Contact Information - The Customer must provide the contact information for the legal applicant (i.e., the Interconnection Customer). If another entity is responsible for interfacing with the Company, that contact information must be provided on the Application.
- 8.0 Ownership Information - Enter the legal names of the owner(s) of the Small Generating Facility. Include the percentage ownership (if any) by any utility or public utility holding company, or by any entity owned by either.
- 9.0 UL1741 Listed - This standard ("Inverters, Converters, and Controllers for Use in Independent Power Systems") addresses the electrical interconnection design of various forms of generating equipment. Many manufacturers submit their equipment to a Nationally Recognized Testing Laboratory (NRTL) that verifies compliance with UL1741. This "listing" is then marked on the equipment and supporting documentation.

Application for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10kW

This Application is considered complete when it provides all applicable and correct information required below. Per SGIP section 49.5, documentation of site control must be submitted with the Interconnection Request. Additional information to evaluate the Application may be required.

Processing Fee

A non-refundable processing fee of \$100 must accompany this Application.

Interconnection Customer

Name: _____
Contact Person: _____
Address: _____
City: _____ State: _____ Zip: _____
Telephone (Day): _____ (Evening): _____
Fax: _____ E-Mail Address: _____

Contact (if different from Interconnection Customer)

Name: _____
Address: _____
City: _____ State: _____ Zip: _____
Telephone (Day): _____ (Evening): _____
Fax: _____ E-Mail Address: _____

Owner of the facility (include % ownership by any electric utility): _____

Small Generating Facility Information

Location (if different from above): _____
Electric Service Company: _____
Account Number: _____
Inverter Manufacturer: _____ Model _____
Nameplate Rating: (kW) (kVA) _____ (AC Volts) _____
Single Phase _____ Three Phase _____
System Design Capacity: _____ (kW) _____ (kVA)
Prime Mover: Photovoltaic Reciprocating Engine Fuel Cell
Turbine Other _____
Energy Source: Solar Wind Hydro Diesel Natural Gas
Fuel Oil Other (describe) _____
Is the equipment UL1741 Listed? Yes ___ No ___
If Yes, attach manufacturer's cut-sheet showing UL1741 listing

Estimated Installation Date: _____ Estimated In-Service Date: _____

The 10 kW Inverter Process is available only for inverter-based Small Generating Facilities no larger than 10 kW that meet the codes, standards, and certification requirements of Appendices 3 and 4 to Attachment O of the Tariff, or the Transmission Provider has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

Interconnection Customer Signature

I hereby certify that, to the best of my knowledge, the information provided in this Application is true. I agree to abide by the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return the Certificate of Completion when the Small Generating Facility has been installed.

Signed: _____

Title: _____ Date: _____

Contingent Approval to Interconnect the Small Generating Facility

(For Company use only)

Interconnection of the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return of the Certificate of Completion.

Company Signature: _____

Title: _____ Date: _____

Application ID number: _____

Company waives inspection/witness test? Yes ___ No ___

Small Generating Facility Certificate of Completion

Is the Small Generating Facility owner-installed? Yes _____ No _____

Interconnection Customer: _____

Contact Person: _____

Address: _____

Location of the Small Generating Facility (if different from above):

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Electrician:

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

License number: _____

Date Approval to Install Facility granted by the Company: _____

Application ID number: _____

Inspection:

The Small Generating Facility has been installed and inspected in compliance with the local building/electrical code of _____

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

Print Name: _____

Date: _____

As a condition of interconnection, you are required to send/fax a copy of this form along with a copy of the signed electrical permit to (insert Company information below):

Name: _____

Company: _____

Address: _____

City, State ZIP: _____

Fax: _____

Approval to Energize the Small Generating Facility (For Company use only)

Energizing the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

Company Signature: _____

Title: _____ Date: _____

**Terms and Conditions for Interconnecting an Inverter-Based
Small Generating Facility No Larger than 10kW**

1.0 Construction of the Facility

The Interconnection Customer (the "Customer") may proceed to construct (including operational testing not to exceed two hours) the Small Generating Facility when the Transmission Provider (the "Company") approves the Interconnection Request (the "Application") and returns it to the Customer.

2.0 Interconnection and Operation

The Customer may operate Small Generating Facility and interconnect with the Company's electric system once all of the following have occurred:

2.1 Upon completing construction, the Customer will cause the Small Generating Facility to be inspected or otherwise certified by the appropriate local electrical wiring inspector with jurisdiction, and

2.2 The Customer returns the Certificate of Completion to the Company, and

2.3 The Company has either:

2.3.1 Completed its inspection of the Small Generating Facility to ensure that all equipment has been appropriately installed and that all electrical connections have been made in accordance with applicable codes. All inspections must be conducted by the Company, at its own expense, within ten Business Days after receipt of the Certificate of Completion and shall take place at a time agreeable to the Parties. The Company shall provide a written statement that the Small Generating Facility has passed inspection or shall notify the Customer of what steps it must take to pass inspection as soon as practicable after the inspection takes place; or

2.3.2 If the Company does not schedule an inspection of the Small Generating Facility within ten business days after receiving the Certificate of Completion, the witness test is deemed waived (unless the Parties agree otherwise); or

2.3.3 The Company waives the right to inspect the Small Generating Facility.

2.4 The Company has the right to disconnect the Small Generating Facility in the event of improper installation or failure to return the Certificate of Completion.

2.5 Revenue quality metering equipment must be installed and tested in accordance with applicable ANSI standards.

3.0 Safe Operations and Maintenance

The Customer shall be fully responsible to operate, maintain, and repair the Small Generating Facility as required to ensure that it complies at all times with the interconnection standards to which it has been certified.

4.0 Access

The Company shall have access to the disconnect switch (if the disconnect switch is required) and metering equipment of the Small Generating Facility at all times. The Company shall provide reasonable notice to the Customer when possible prior to using its right of access.

5.0 Disconnection

The Company may temporarily disconnect the Small Generating Facility upon the following conditions:

5.1 For scheduled outages upon reasonable notice.

5.2 For unscheduled outages or emergency conditions.

5.3 If the Small Generating Facility does not operate in the manner consistent with these Terms and Conditions.

5.4 The Company shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.

6.0 Indemnification

The Parties shall at all times indemnify, defend, and save the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand,

suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.0 Insurance

The Parties agree to follow all applicable insurance requirements imposed by the state in which the Point of Interconnection is located. All insurance policies must be maintained with insurers authorized to do business in that state.

8.0 Limitation of Liability

Each party's liability to the other party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either party be liable to the other party for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever, except as allowed under paragraph 6.0.

9.0 Termination

The agreement to operate in parallel may be terminated under the following conditions:

9.1 By the Customer

By providing written notice to the Company.

9.2 By the Company

If the Small Generating Facility fails to operate for any consecutive 12 month period or the Customer fails to remedy a violation of these Terms and Conditions.

9.3 Permanent Disconnection

In the event this Agreement is terminated, the Company shall have the right to disconnect its facilities or direct the Customer to disconnect its Small Generating Facility.

9.4 Survival Rights

This Agreement shall continue in effect after termination to the extent necessary to allow or require either Party to fulfill rights or obligations that arose under the Agreement.

10.0 Assignment/Transfer of Ownership of the Facility

This Agreement shall survive the transfer of ownership of the Small Generating Facility to a new owner when the new owner agrees in writing to comply with the terms of this Agreement and so notifies the Company.

APPENDIX 6 TO SGIP

Feasibility Study Agreement

THIS AGREEMENT is made and entered into this ____ day of 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____, a _____ existing under the laws of the State of _____, ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

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

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

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

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

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Transmission Provider shall cause to be performed an interconnection feasibility study consistent the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.

- 3.0 The scope of the feasibility study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The feasibility study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the scoping meeting. The Transmission Provider reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the feasibility study and as designated in accordance with the standard Small Generator Interconnection Procedures. If the Interconnection Customer modifies its Interconnection Request, the time to complete the feasibility study may be extended by agreement of the Parties.
- 5.0 In performing the study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing studies of recent vintage. The Interconnection Customer shall not be charged for such existing studies; however, the Interconnection Customer shall be responsible for charges associated with any new study or modifications to existing studies that are reasonably necessary to perform the feasibility study.
- 6.0 The feasibility study report shall provide the following analyses for the purpose of identifying any potential adverse system impacts that would result from the interconnection of the Small Generating Facility as proposed:
 - 6.1 Initial identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
 - 6.2 Initial identification of any thermal overload or voltage limit violations resulting from the interconnection;
 - 6.3 Initial review of grounding requirements and electric system protection; and
 - 6.4 Description and non-binding estimated cost of facilities required to interconnect the proposed Small Generating Facility and to address the identified

short circuit and power flow issues.

- 7.0 The feasibility study shall model the impact of the Small Generating Facility regardless of purpose in order to avoid the further expense and interruption of operation for reexamination of feasibility and impacts if the Interconnection Customer later changes the purpose for which the Small Generating Facility is being installed.
- 8.0 The study shall include the feasibility of any interconnection at a proposed project site where there could be multiple potential Points of Interconnection, as requested by the Interconnection Customer and at the Interconnection Customer's cost.
- 9.0 A deposit of the lesser of 50 percent of good faith estimated feasibility study costs or earnest money of \$1,000 may be required from the Interconnection Customer.
- 10.0 Once the feasibility study is completed, a feasibility study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the feasibility study must be completed and the feasibility study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct a feasibility study.
- 11.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Transmission Provider shall refund such excess within 30 calendar days of the invoice without interest.
- 13.0 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to

all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

14.0 Amendment

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

15.0 No Third-Party Beneficiaries

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

16.0 Waiver

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

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

17.0 Multiple Counterparts

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

18.0 No Partnership

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

19.0 Severability

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

20.0 Subcontractors

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

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

having application to, any subcontractor of such Party.

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

21.0 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

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

**[Insert name of
Transmission Provider]**

**[Insert name of
Interconnection Customer]**

Signed _____

Signed _____

Name (Printed): _____

Name (Printed): _____

Title: _____

Title: _____

**Attachment A to
Feasibility Study Agreement**

Assumptions Used in Conducting the Feasibility Study

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

1) Designation of Point of Interconnection and configuration to be studied.

2) Designation of alternative Points of Interconnection and configuration.

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

APPENDIX 7 TO SGIP

System Impact Study Agreement

THIS AGREEMENT is made and entered into this _____ day of _____ 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____, a _____ existing under the laws of the State of _____, ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

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

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

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

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

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

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.

2.0 The Interconnection Customer elects and the Transmission

Provider shall cause to be performed a system impact study(s) consistent with the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.

- 3.0 The scope of a system impact study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 A system impact study will be based upon the results of the feasibility study and the technical information provided by Interconnection Customer in the Interconnection Request. The Transmission Provider reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the system impact study. If the Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the system impact study may be extended.
- 5.0 A system impact study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. A system impact study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. A system impact study shall provide a list of facilities that are required as a result of the Interconnection Request and non-binding good faith estimates of cost responsibility and time to construct.
- 6.0 A distribution system impact study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on electric system operation, as necessary.
- 7.0 Affected Systems may participate in the preparation of a system impact study, with a division of costs among such

entities as they may agree. All Affected Systems shall be afforded an opportunity to review and comment upon a system impact study that covers potential adverse system impacts on their electric systems, and the Transmission Provider has 20 additional Business Days to complete a system impact study requiring review by Affected Systems.

- 8.0 If the Transmission Provider uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required Network Upgrades, the system impact study shall consider all generating facilities (and with respect to paragraph 8.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the system impact study is commenced -
- 8.1 Are directly interconnected with the Transmission Provider's electric system; or
 - 8.2 Are interconnected with Affected Systems and may have an impact on the proposed interconnection; and
 - 8.3 Have a pending higher queued Interconnection Request to interconnect with the Transmission Provider's electric system.
- 9.0 A distribution system impact study, if required, shall be completed and the results transmitted to the Interconnection Customer within 30 Business Days after this Agreement is signed by the Parties. A transmission system impact study, if required, shall be completed and the results transmitted to the Interconnection Customer within 45 Business Days after this Agreement is signed by the Parties, or in accordance with the Transmission Provider's queuing procedures.
- 10.0 A deposit of the equivalent of the good faith estimated cost of a distribution system impact study and the one half the good faith estimated cost of a transmission system impact study may be required from the Interconnection Customer.
- 11.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the

Interconnection Customer after the study is completed and delivered and will include a summary of professional time.

12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Transmission Provider shall refund such excess within 30 calendar days of the invoice without interest.

13.0 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

14.0 Amendment

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

15.0 No Third-Party Beneficiaries

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

16.0 Waiver

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

16.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing

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

17.0 Multiple Counterparts

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

18.0 No Partnership

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

19.0 Severability

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

20.0 Subcontractors

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

each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

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

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

21.0 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the

day and year first above written.

**[Insert name of
Transmission Provider]**

**[Insert name of
Interconnection Customer]**

Signed _____

Signed _____

Name (Printed): _____

Name (Printed): _____

Title: _____

Title: _____

**Attachment A to
System Impact Study Agreement**

Assumptions Used in Conducting the System Impact Study

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

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

- 2) Designation of alternative Points of Interconnection and configuration.

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

APPENDIX 8 TO SGIP

Facilities Study Agreement

THIS AGREEMENT is made and entered into this _____ day of _____
_____ 20____ by and between _____, a _____
_____ organized and existing under the laws of the State of
_____, ("Interconnection Customer,") and _____
_____, a _____ existing under the
laws of the State of _____, ("Transmission
Provider"). Interconnection Customer and Transmission Provider
each may be referred to as a "Party," or collectively as the
"Parties."

RECITALS

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

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

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

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

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

1.0 When used in this Agreement, with initial capitalization,
the terms specified shall have the meanings indicated or
the meanings specified in the standard Small Generator
Interconnection Procedures.

- 2.0 The Interconnection Customer elects and the Transmission Provider shall cause a facilities study consistent with the standard Small Generator Interconnection Procedures to be performed in accordance with the Open Access Transmission Tariff.
- 3.0 The scope of the facilities study shall be subject to data provided in Attachment A to this Agreement.
- 4.0 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s). The facilities study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Transmission Provider's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.
- 5.0 The Transmission Provider may propose to group facilities required for more than one Interconnection Customer in order to minimize facilities costs through economies of scale, but any Interconnection Customer may require the installation of facilities required for its own Small Generating Facility if it is willing to pay the costs of those facilities.
- 6.0 A deposit of the good faith estimated facilities study costs may be required from the Interconnection Customer.
- 7.0 In cases where Upgrades are required, the facilities study must be completed within 45 Business Days of the receipt of this Agreement. In cases where no Upgrades are necessary, and the required facilities are limited to Interconnection Facilities, the facilities study must be completed within 30 Business Days.
- 8.0 Once the facilities study is completed, a facilities study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the facilities study must be completed and the facilities study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct a

facilities study.

9.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.

10.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Transmission Provider shall refund such excess within 30 calendar days of the invoice without interest.

11.0 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.0 Amendment

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

13.0 No Third-Party Beneficiaries

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

14.0 Waiver

14.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of

any obligation, right, or duty of, or imposed upon, such Party.

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

15.0 Multiple Counterparts

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

16.0 No Partnership

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

17.0 Severability

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

18.0 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require

its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

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

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

19.0 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be

duly executed by their duly authorized officers or agents on the day and year first above written.

**[Insert name of
Transmission Provider]**

**[Insert name of
Interconnection Customer]**

Signed _____

Signed _____

Name (Printed): _____

Name (Printed): _____

Title: _____

Title: _____

**Attachment A to
Facilities Study Agreement**

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

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

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

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

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

Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes _____ No _____

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

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

What protocol does the control system or PLC use?

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

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

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

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

Number of third party easements required for transmission
lines*:

* To be completed in coordination with Transmission
Provider.

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

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

Please provide the following proposed schedule dates:

Begin Construction Date: _____

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

Generation Testing Date: _____

Commercial Operation Date: _____

APPENDIX 9 TO SGIP

SMALL GENERATOR INTERCONNECTION AGREEMENT (SGIA)

(For Generating Facilities No Larger Than 20 MW)

TABLE OF CONTENTS

Article 1.	Scope and Limitations of Agreement
1.1	Applicability
1.2	Purpose
1.3	No Agreement to Purchase or Deliver Power
1.4	Limitations
1.5	Responsibilities of the Parties
1.6	Parallel Operation Obligations
1.7	Metering
1.8	Reactive Power
Article 2.	Inspection, Testing, Authorization, and Right of Access
2.1	Equipment Testing and Inspection
2.2	Authorization Required Prior to Parallel Operation
2.3	Right of Access
Article 3.	Effective Date, Term, Termination, and Disconnection
3.1	Effective Date
3.2	Term of Agreement
3.3	Termination
3.4	Temporary Disconnection
3.4.1	Emergency Conditions
3.4.2	Routine Maintenance, Construction, and Repair
3.4.3	Forced Outages
3.4.4	Adverse Operating Effects
3.4.5	Modification of the Small Generating Facility
3.4.6	Reconnection
Article 4.	Cost Responsibility for Interconnection Facilities and Distribution Upgrades
4.1	Interconnection Facilities
4.2	Distribution Upgrades
Article 5.	Cost Responsibility for Network Upgrades
5.1	Applicability
5.2	Network Upgrades
5.2.1	Repayment of Amounts Advanced for Network Upgrades
5.3	Special Provisions for Affected Systems
5.4	Rights Under Other Agreements
Article 6.	Billing, Payment, Milestones, and Financial Security
6.1	Billing and Payment Procedures and Final Accounting
6.2	Milestones
6.3	Financial Security Arrangements

- Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default
 - 7.1 Assignment
 - 7.2 Limitation of Liability
 - 7.3 Indemnity
 - 7.4 Consequential Damages
 - 7.5 Force Majeure
 - 7.6 Default
- Article 8. Insurance
- Article 9. Confidentiality
- Article 10. Disputes
- Article 11. Taxes
- Article 12. Miscellaneous
 - 12.1 Governing Law, Regulatory Authority, and Rules
 - 12.2 Amendment
 - 12.3 No Third-Party Beneficiaries
 - 12.4 Waiver
 - 12.5 Entire Agreement
 - 12.6 Multiple Counterparts
 - 12.7 No Partnership
 - 12.8 Severability
 - 12.9 Security Arrangements
 - 12.10 Environmental Releases
 - 12.11 Subcontractors
 - 12.12 Reservation of Rights
- Article 13. Notices
 - 13.1 General
 - 13.2 Billing and Payment
 - 13.3 Alternative Forms of Notice
 - 13.4 Designated Operating Representative
 - 13.5 Changes to the Notice Information
- Article 14. Signatures

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

Attachment 6 - Transmission Provider's Description of its
Upgrades and Best Estimate of Upgrade Costs

This Interconnection Agreement ("Agreement") is made and entered into this _____ day of _____, 20_, by _____ ("Transmission Provider"), and _____ ("Interconnection Customer") each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

Transmission Provider Information

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

Interconnection Customer Information

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

Interconnection Customer Application No: _____

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

Article 1. Scope and Limitations of Agreement

- 1.1 This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) except for those submitted under the 10 kW Inverter Process contained in SGIP Appendix 5 to Attachment O of the Tariff.
- 1.2 This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Transmission Provider's Transmission System.
- 1.3 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer

will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable Transmission Provider.

1.4 Nothing in this Agreement is intended to affect any other agreement between the Transmission Provider and the Interconnection Customer.

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.

1.5.3 The Transmission Provider shall construct, operate, and maintain its Transmission System and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.

1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Transmission Provider and any Affected Systems.

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

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

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the Tariff or by the applicable system operator(s) for the Transmission Provider's Transmission System and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

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

1.8 Reactive Power

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

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

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

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

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

2.1 Equipment Testing and Inspection

2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Transmission Provider of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Transmission Provider may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Transmission Provider a written test report when such testing and inspection is completed.

2.1.2 The Transmission Provider shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Transmission Provider of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Transmission Provider shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Transmission Provider shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Transmission Provider shall make

Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

- 2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the Transmission Provider's Transmission System without prior written authorization of the Transmission Provider. The Transmission Provider will provide such authorization once the Transmission Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

- 2.3.1 Upon reasonable notice, the Transmission Provider may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Transmission Provider at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.
- 2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Transmission Provider shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

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

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

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The Transmission Provider shall promptly file this Agreement with the FERC upon execution, if required.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ten years from the Effective Date or such other longer period as the Interconnection Customer may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

- 3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Transmission Provider 20 Business Days written notice.
- 3.3.2 Either Party may terminate this Agreement after Default pursuant to article 7.6.
- 3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Transmission Provider's Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this SGIA or such

non-terminating Party otherwise is responsible for these costs under this SGIA.

3.3.4 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.

3.3.5 This provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

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

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

that may reasonably be expected to affect the Transmission Provider's Transmission System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

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

3.4.3 Forced Outages

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

3.4.4 Adverse Operating Effects

The Transmission Provider shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of

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

3.4.5 Modification of the Small Generating Facility

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

3.4.6 Reconnection

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

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Transmission Provider shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Transmission Provider.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Transmission Provider's Interconnection Facilities.

4.2 Distribution Upgrades

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

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

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

5.2 Network Upgrades

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

5.2.1 Repayment of Amounts Advanced for Network Upgrades

The Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to the Transmission Provider and Affected System operator, if any, for Network Upgrades, including any tax gross-up or other tax-related payments associated with the Network Upgrades, and not otherwise refunded to the Interconnection Customer, to be paid to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under the Transmission Provider's Tariff and Affected System's Tariff for transmission services with respect to the Small Generating Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19 a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. The Interconnection Customer may assign such repayment rights to any person.

5.2.1.1 Notwithstanding the foregoing, the Interconnection Customer, the Transmission Provider, and any applicable Affected System operators may adopt any alternative payment schedule that is mutually agreeable so long as the Transmission Provider and said Affected System operators take one

of the following actions no later than five years from the Commercial Operation Date: (1) return to the Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that the Transmission Provider or any applicable Affected System operators will continue to provide payments to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond twenty (20) years from the commercial operation date.

- 5.2.1.2 If the Small Generating Facility fails to achieve commercial operation, but it or another generating facility is later constructed and requires use of the Network Upgrades, the Transmission Provider and Affected System operator shall at that time reimburse the Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the generating facility, if different, is responsible for identifying the entity to which reimbursement must be made.

5.3 Special Provisions for Affected Systems

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

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

5.4 Rights Under Other Agreements

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

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

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

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

Provider shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Transmission Provider within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Transmission Provider shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Transmission Provider's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Transmission Provider, at the Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Transmission Provider's Interconnection Facilities and

Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Transmission Provider under this Agreement during its term. In addition:

- 6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Transmission Provider, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.
- 6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Transmission Provider and must specify a reasonable expiration date.

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

7.1 Assignment

This Agreement may be assigned by either Party upon 15 Business Days prior written notice and opportunity to object by the other Party; provided that:

- 7.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the Transmission Provider of any such assignment;
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Transmission Provider, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Transmission Provider of any such assignment.
- 7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall

not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.

7.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable

opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.

7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

7.4 Consequential Damages

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

7.5 Force Majeure

7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot,

fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing."

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

7.6 Default

- 7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar

days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

- 7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance

8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Transmission Provider, except that the Interconnection Customer shall show proof of insurance to the Transmission Provider no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

8.2 The Transmission Provider agrees to maintain general liability insurance or self-insurance consistent with the Transmission Provider's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Transmission Provider's liabilities undertaken pursuant to this Agreement.

8.3 The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.

9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.

9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.

9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of

damages, and may seek other remedies available at law or in equity for breach of this provision.

9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Party to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

Article 10. Disputes

10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

10.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.

10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.

10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.

10.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.

11.2 Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Transmission Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties, or under article 12.12 of this Agreement.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for

the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

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

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

12.5 Entire Agreement

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

12.6 Multiple Counterparts

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

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or

partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.8 Severability

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

12.9 Security Arrangements

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

12.10 Environmental Releases

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

publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

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

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

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

12.12 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided

that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

Article 13. Notices

13.1 General

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

If to the Interconnection Customer:

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

If to the Transmission Provider:

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

13.2 Billing and Payment

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

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

Transmission Provider: _____
Attention: _____

Address: _____
City: _____ State: _____ Zip: _____

13.3 Alternative Forms of Notice

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

If to the Interconnection Customer:

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

If to the Transmission Provider:

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

13.4 Designated Operating Representative

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

Interconnection Customer's Operating Representative:

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

Transmission Provider's Operating Representative:

Transmission Provider: _____

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

13.5 Changes to the Notice Information

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

Article 14. Signatures

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

For the Transmission Provider

Name: _____

Title: _____

Date: _____

For the Interconnection Customer

Name: _____

Title: _____

Date: _____

Attachment 1 to SGIA

Glossary of Terms

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

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

Business Day - Monday through Friday, excluding Federal Holidays.

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

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

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

Good Utility Practice - Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be

acceptable practices, methods, or acts generally accepted in the region.

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

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

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

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

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

Network Upgrades - Additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Small Generating Facility

interconnects with the Transmission Provider's Transmission System to accommodate the interconnection of the Small Generating Facility with the Transmission Provider's Transmission System. Network Upgrades do not include Distribution Upgrades.

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

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

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

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

Small Generating Facility - The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

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

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

Transmission Provider - The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under

the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

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

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

Attachment 2 to SGIA

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

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

Attachment 3 to SGIA

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

Attachment 4 to SGIA

Milestones

In-Service Date: _____

Critical milestones and responsibility as agreed to by the Parties:

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

Agreed to by:

For the Transmission Provider _____
Date _____

For the Transmission Owner (If Applicable) _____ Date _____

For the Interconnection Customer _____ Date _____

Attachment 5 to SGIA

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

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

Attachment 6 to SGIA

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

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

ATTACHMENT P

Index of Generation Interconnection Customers

A list of Generation Interconnection Transmission Service Customers and Interconnection Agreements can be found in PacifiCorp's publicly posted Electric Quarterly Report on the FERC website.

ATTACHMENT Q

**Wholesale Electric Quadrant Standards of the North American
Energy Standards Board**

Pursuant to the Commission's April 25, 2006 Final Rule, Order 676 (115 FERC ¶ 61,102), April 19, 2007 Final Rule, Order 676-B (119 FERC ¶ 61,049), its July 21, 2008 Final Rule, Order 676-C (124 FERC ¶ 61,070), and its November 20, 2009 Final Rule, Order 676-E (129 FERC ¶ 61,162) amending its regulations under the Federal Power Act, Transmission Provider hereby incorporates by reference the following standards promulgated by the NAESB Wholesale Electric Quadrant (WEQ):

1. Open Access Same-Time Information Systems (OASIS), Version 1.5 (WEQ-001, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009), with the exception of Standards 001-0.1, 001-0.9 through 001-0.13, 001-1.0, 001-9.7, 001-14.1.3, and 001-15.1.2;
2. Open Access Same-Time Information Systems (OASIS) Standards & Communication Protocols, Version 1.5 (WEQ-002, Version 002.1, March 11, 2009, with minor corrections applied on May 29, 2009 and September 8, 2009);
3. Open Access Same-Time Information Systems (OASIS) Data Dictionary, Version 1.5 (WEQ-003, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
4. Coordinate Interchange (WEQ-004, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
5. Area Control Error (ACE) Equation Special Cases (WEQ-005, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
6. Manual Time Error Correction (WEQ-006, Version 001, October 31, 2007, with minor corrections applied on Nov. 16, 2007);
7. Inadvertent Interchange Payback (WEQ-007, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);

8. Gas/Electric Coordination (WEQ-011, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
9. Public Key Infrastructure (PKI) (WEQ-012, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009); and
10. Open Access Same-Time Information Systems (OASIS) Implementation Guide, Version 1.5 (WEQ-013, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009).

Transmission Provider obtained a waiver of:

1. Transmission Loading Relief - Eastern Interconnection (WEQ-008, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009).

ATTACHMENT R

[RESERVED]

ATTACHMENT S

Provisions Relating to Transmission Service Between Malin and Round Mountain

The Commission's Order Approving Uncontested Settlement Agreement in FERC Docket Nos. ER07-882, *et al.*, defines certain transmission rights and obligations on the eastern most of the two Pacific AC Intertie lines on the California-Oregon Intertie ("COI") for PacifiCorp ("PacifiCorp COI Segment"). The Uncontested Settlement Agreement requires the charges and scheduling provisions stated below to apply to all OATT service across the PacifiCorp COI Segment.

Provisions and requirements of the Uncontested Settlement Agreement apply to all redirect service, Short and Long-Term Firm Point-To-Point Transmission Service, and Non-Firm Point-To-Point Transmission Service on the PacifiCorp COI Segment between Malin and Round Mountain. Therefore, for any transmission service across the PacifiCorp COI Segment between Malin and Round Mountain, the Specifications of Service Sections in the *pro forma* transmission service agreements in Attachment A, Attachment A-1, and Attachment B of this Tariff will include the following additional provisions:

For Transmission Service Across the PacifiCorp COI Segment between Malin and Round Mountain:

- 1.0 The Transmission Provider will bill the Transmission Customer, and Transmission Customer shall pay, for the Transmission Customer's pro rata share of any losses assessed to the Transmission Provider by the California ISO for the total usage of that portion of the Transmission Provider's portion of the Malin500 - Round Mountain transmission line when located within the California ISO's balancing area, as calculated by the California ISO, and in accordance with the settlement agreement entered into in Docket NO. ER07-882, as approved by the Commission.
- 2.0 The Transmission Provider will bill the Transmission Customer, and Transmission Customer shall pay, CAISO charges applicable to PacifiCorp's Scheduling Coordinator for schedules within the CAISO Balancing Authority Area including CAISO Market charges (including Ancillary Service charges and Congestion charges), Grid Management Charges ("GMC"), and losses, as applicable to import and export

schedules and Inter-SC Trades in accordance with the CAISO Tariff assessed by the California ISO on a pro rata share basis of the total usage of that portion of the Transmission Provider's portion of the Malin500 - Round Mountain transmission line. Congestion charges and Transmission Access Charges under the CAISO Tariff will not apply for: (1) the use of the Malin500-Round Mountain transmission line to transfer energy to the CAISO Controlled Grid at Round Mountain, or (2) use of the Malin500-Round Mountain transmission line to transfer energy across the bus at the Round Mountain interconnection to the transmission system of the Western Area Power Administration or to the transmission system of any other transmission owner having interconnected facilities at Round Mountain that are not a part of the CAISO Controlled Grid. The charges and conditions are in accordance with the settlement agreement entered into in Docket No. ER07-882.

- 3.0 Scheduling Requirements: Transmission Customer shall schedule all capacity and associated energy transmitted between Malin and Round Mountain on the PacifiCorp COI Segment with the Transmission Provider.

Unused Capacity: After the deadline for schedule changes under the Hour Ahead Scheduling Process of the CAISO Tariff or other applicable deadline authorized pursuant to Section 7.3 of the Amended Operating Agreement between PacifiCorp and the CAISO ("OA") has passed, the CAISO may use any unused or unscheduled capacity as necessary to maintain reliability of the interconnected Electric Systems without compensation to PacifiCorp or the Transmission Customer. The Transmission Customer will not have the right to adjust schedules, or purchase additional short-term service, after the close of the deadline for schedules in the Hour-Ahead Scheduling Process or other applicable deadline authorized pursuant to Section 7.3 of the OA. In the event that the CAISO Tariff is modified to permit schedule changes for Balancing Authority Area interties to be submitted after the deadline for schedule changes under the Hour Ahead Scheduling Process (or the deadline for a successor hour-ahead process or hour-ahead market), the applicable deadline for the Transmission Customer to adjust schedules shall be the CAISO Tariff deadline for schedule changes for Balancing Authority Area interties that is closest to the operating hour.

Transmission Customer may be subject to agreements relating to the coordinated operation of the 500 KV lines constituting the California-Oregon Intertie at the California-Oregon Border, consistent with the Settlement Agreement entered into and approved by the Commission in Dockets Nos. ER07-882, *et al.*

- 4.0 The following provision applies to roll over rights for Long-Term Firm Point-To-Point Transmission Service across the PacifiCorp COI Segment:

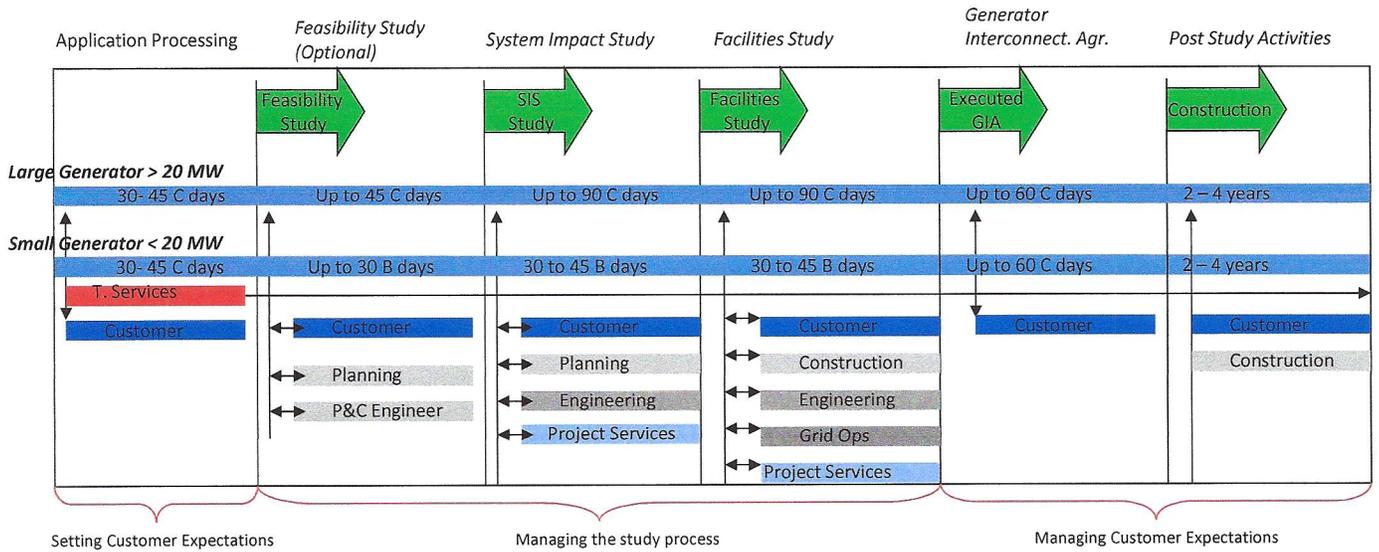
4.1 Rollover: Transmission Customer may exercise rights to roll over its original Reserved Capacity pursuant to Section 2.2 of the Tariff. Capacity available for rollover is governed by terms of the settlement agreement entered into and approved by the Commission in Docket Nos. ER07-882, *et al.* If during its term, the settlement terminates and/or beginning on January 1, 2028, capacity available for rollover will be determined by any agreement replacing the settlement agreement in Docket Nos. ER07-882 *et al.*, or by the capacity owned or controlled by Transmission Provider at that time.

- 5.0 For Firm Point-To-Point Transmission Service across the PacifiCorp COI Segment, 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 the settlement agreement in Docket Nos. ER07-882, *et al.*, as approved by the Commission.

- 6.0 Transmission Provider and/or Transmission Customer may release a portion of the reserved capacity available over the Pacificorp COI Segment ("PacifiCorp Share") from treatment as a PacifiCorp Transmission Ownership Right (as defined in Section 1.3 of the OA) in exchange for PacifiCorp Congestion Revenue Rights ("CRRs") (as defined in Section 1.3 of the OA) from the CAISO, consistent with the conditions in Section 7.2 of the OA. In no event shall the exemption from CAISO charges contemplated in Section 6.3 of the OA apply to transactions using the Transmission Provider's portion of the Malin500 - Round Mountain transmission line in excess of the PacifiCorp Share or transactions using any portion of the PacifiCorp Share treated as a PacifiCorp CRR pursuant to the process described in Section 7.2 of the OA.

EXHIBIT 41

Processes



Setting Customer Expectations

- QF's processed separately, but follow the FERC process
- Time required to fulfill request
- Standards and requirements
- Curing deficiencies

Managing the study process

- Customer**
- Period for agreement review/execution dependent on application jurisdiction, Oregon: 15 B Days, Utah/SGI: 30 B days, LGI: 30 C days
 - Study review period coincides with the following agreement execution period

- T. Services**
- Resource commitment across several organizations
 - Ownership of key decisions
 - Status updates on requests and key dates
 - Timely notification of issues

Managing Customer Expectations

- Actual cost versus estimates
- Ensuring QF's are getting proper attention

EXHIBIT 42

January 28, 2013

Paul Clemens
Senior Originator / Power Marketer, Pacificorp Energy
201 South Main, Suite 2300
Salt Lake City, Utah 84111

Re: Energy of Utah Long Ridge Wind I and II draft Power Purchase Agreements

Paul,

Please allow me to thank you for your expedited response to our PPA draft request. The draft PPA attached to your e-mail contained no information relevant to our project, but did contain some information relevant to the Blue Mountain project. As it is the Company's contract, I expected the contract to be prepared and reviewed by the Company, using the information that I have already provided. I am assuming that you want me to delete the Blue Mountain information and fill in the Long Ridge Wind information myself. I hope to have a completed copy with comments back to you by this Friday.

Separately, I was surprised by the mention of a requirement for an LGIA execution *prior* to a PPA execution. As the requirement contradicts our conversation at the Governor's Energy Conference, I expect that its inclusion was not your decision.

I understand that Schedule 38 *allows* the Company to require the simultaneous execution of PPA and interconnection agreements, but this does not appear to have been the practice for other wind projects in Utah:

Blue Mountain Wind (REDCO)

- PPA execution - 11/08/2011
- LGIA execution - none

Pioneer Ridge Wind

- PPA execution - 07/14/2006
- LGIA execution - 02/08/2008

Spanish Fork Wind

- PPA execution - 06/21/2006
- LGIA execution - 11/02/2007

These precedents have guided our expectations and our interpretation of Schedule 38 guidelines. As you know, the Company's provided an incorrect indicative price three months behind schedule. Resolution of the pricing issue took an additional four months. Without a correct indicative price, the significant investment required for interconnection studies would have been irrational.

As you know, we commenced the interconnection process soon after receipt of the correct indicated price. If not for the Company's delays, all Long Ridge Wind system integration studies would, by now, have been completed and the NEPA process would have been well underway.

An interconnection agreement would obviously not be executed prior to the expected June 2013 resolution of Docket 12-035-100. The Company's introduction of the interconnection execution requirement circumvents the effect of the Public Service Commission's ruling on the Company's stay request.

I hope that you will ask the Company to retract this requirement. We will not succeed without the Company's cooperation.

Sincerely,

EXHIBIT 43

September 5, 2013

Kimberly Ceruti, Executive Director
Ellis-Hall Consultants
4733 S. Hiddenwoods Lane
Murray, Utah 84107-6764

Re: Response to Indicative Pricing Request

Dear Kimberly:

On August 12, 2013, the Company provided indicative pricing for your Monticello Wind Farm Project ("Project") and stated that the indicative prices are, pursuant to Rocky Mountain Power Utah Schedule No. 38 ("Schedule 38"), "merely indicative and are not final and binding. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties and approved by the Commission."

In the August 16, 2013 Public Service Commission of Utah ("Commission") order in Phase II of Docket No. 12-035-100, the Commission directed the Company to discontinue use of the market proxy pricing method and to provide indicative avoided cost pricing to wind and solar qualifying facility projects based on the partial displacement differential revenue requirement pricing method. That Commission order also specified capacity contribution levels and integration costs to be applied when calculating indicative avoided costs.

Furthermore, in its December 20, 2012 order in Docket No. 12-035-100, the Commission stated the following on pages 17-18:

"We acknowledge the possibility the outcome of the Phase Two hearings and the interests of ratepayers may require the application of new avoided cost calculations for all large wind QF projects not in possession of executed power purchase agreements when the Phase Two order is issued."

Your project has previously received indicative pricing but is not currently in possession of an executed power purchase agreement. Therefore, pursuant to the Commission orders in Docket No. 12-035-100 and consistent with Schedule 38, provided below is updated indicative avoided cost pricing consistent with relevant Commission orders. This pricing replaces and supersedes any pricing previously provided.

The indicative pricing that accompanies this letter is provided pursuant to Schedule 38. Indicative prices, as noted in Schedule 38 "are merely indicative and are not final and binding. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties and approved by the Commission." The indicative pricing

contained herein is based on certain assumptions (including, but not limited to, the availability of certain transmission services). The assumptions used to determine the avoided cost pricing are subject to change, which in turn may modify the provided indicative avoided cost pricing.

The indicative pricing has been provided for illustrative purposes in annual on peak ("HLH") and off peak ("LLH") values and as annual 7x24 flat (all hours) values. The pricing has also been provided in monthly HLH and LLH values. Should you choose to move forward with a power purchase agreement, the monthly HLH and LLH values will be used in the power purchase agreement. You may also be required to provide a wind study to verify the 12x24 matrix you provided.

HLH is defined as Monday through Saturday, 7:00 AM MST to 11:00 PM MST, excluding NERC holidays. LLH is defined as all hours that are not on peak.

Schedule 38 also indicates it is the responsibility of the QF developer to make necessary interconnection arrangements with PacifiCorp Transmission. As noted in Schedule 38, "[t]he Company's obligation to make purchases from a QF is conditioned upon all necessary interconnection arrangements being consummated." The process of making the interconnection arrangements may result in the identification of additional costs (including, but not limited to, potential improvements to the distribution and/or transmission system) or timing considerations to accomplish necessary interconnection upgrades that are the responsibility of the qualifying facility developer.

A copy of Schedule 38 can be obtained on the website for Rocky Mountain Power (<http://www.rockymountainpower.net/about/rar/wri.html>). Nothing in this letter should be construed as creating a power purchase agreement or other legally enforceable obligation between PacifiCorp and Project. Nothing in this indicative pricing request response should be construed as an offer on the part of PacifiCorp to enter a power purchase agreement with Project. The Project may only obtain a final power purchase agreement through full compliance with the procedures for such as detailed in Schedule 38. If you have any questions or require additional information, please feel free to contact me.

Regards,



Paul Clements
Power Marketer, PacifiCorp

This communication is preliminary and is intended to serve as a basis for further discussion and negotiations between the parties. This does not contain all matters upon which agreement must be reached in order for a transaction to be completed. The matters set forth herein are not intended to and do not constitute a binding agreement or establish any obligation by any party, and this communication may not be relied upon as the basis for a contract by estoppel or otherwise. A binding agreement will arise only upon the negotiation, execution and delivery of mutually satisfactory definitive agreements and the satisfaction of the conditions set forth therein, including completion of due diligence and the approval of such agreements by the respective governing bodies and management of each party, which approval shall be in the sole subjective discretion of the respective governing bodies and management. Any actions taken by a party in reliance on the non-binding terms expressed herein or on statements made during negotiations

of the transactions contemplated hereby shall be at that party's own risk. In addition, our proposed terms are based on current market conditions and PacifiCorp may update our proposed terms/conditions based on changing market conditions until such time as the parties have executed a definitive agreement.

Indicative Pricing for Monticello Wind Farm

September 5, 2013

ILLUSTRATIVE ANNUAL PRICING

Year	Energy Payment (\$/MWH)		Total \$/MWH at 33.8% CF (1)
	HLH	LLH	
2015(p)			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035(p)			

20 Year Nominal Levelized Prices at 6.88% Discount Rate

\$/MWh

*(1) Total \$/MWh are illustrative. Actual avoided cost prices will be provided in monthly detail by hour class. Actual effective prices will depend on QF generation levels.
(p) Partial Year*

MONTHLY PRICING FOR USE IN CONTRACT (\$/MWH)

Month	2015		2016		2017		2018		2019	
	HLH	LLH								
Jan										
Feb										
Mar										
Apr										
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										

Month	2020		2021		2022		2023		2024	
	HLH	LLH								
Jan										
Feb										
Mar										
Apr										
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										

Month	2025		2026		2027		2028		2029	
	HLH	LLH								
Jan										
Feb										
Mar										
Apr										
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										

MONTHLY PRICING FOR USE IN CONTRACT (\$/MWH) (Cont.)

Month	2030		2031		2032		2033		2034	
	HLH	LLH								
Jan										
Feb										
Mar										
Apr										
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										

Month	2035	
	HLH	LLH
Jan		
Feb		
Mar		
Apr		
May		
Jun		
Jul		
Aug		
Sep		
Oct		
Nov		
Dec		

EXHIBIT 44

**San Juan County Commission Work Meeting
Hideout Community Center - Conference Room
Agenda
December 19, 2017**

Present: Bruce Adams - Commission Chairman
Rebecca Benally - Commission Vice Chairman
Phil Lyman - Commissioner
Kelly Pehrson - CAO
John David Nielson - Clerk

Attendees: Ellis Hall, Mike Roring, Kendall Laws, Natalie Randall, Tamara Goetz, Shelby Seely, Monte Wells, Jerry McNeely, Kirk Bengé, Benny Musselman, David Carpenter, Nick Sandberg

Ellis Hall - Ellis-Hall Consultants

Ellis Hall updated the commission on his negotiations with Pacific Corp after an Order by the Supreme Court. He explained a wind farm project based in Monticello that resulted in and from the order by the Supreme Court. He explained when construction might begin and how that might take place

Tamara Goetz - Utah STEM Action Center

Tamara came to the commission to talk about the Utah STEM Action Center. Tamara explained what the Utah STEM Action Center is and how it works. She also talked about the K16 computing initiative and explained how grant funds help to fund the programs set forth by the initiative. She also talked about partnerships that help move the programs forward.

Natalie Randall - SJC

Natalie gave the commissioners information on the the governor's initiative meeting.

Kirk Bengé - Public Health Director

Kirk came to the commission to talk about the possibility of creating 2 new jobs. He explained how that could be accomplished and the funding for the 2 jobs would take place.

Jerry McNeely - SJC Liaison

Jerry met with SITLA, BLM, Forest Service and talked about the same projects that have been in the pipeline for some time. Benny Mussleman gave an update of some drilling

Nick Sandberg - SJC Planning

Nick gave the commissioners a document outlining a proposal to allow Lowry Redd to construct a pipeline on 80 acres of county property.

A motion to go into executive session was made Commissioner Benally and 2nd by Commissioner Lyman. Voting was unanimous.

**San Juan County Commission Meeting
Hideout Community Center - Conference Room
Agenda
December 19, 2017**

Present: Bruce Adams - Commission Chairman
Rebecca Benally - Commission Vice Chairman
Phil Lyman - Commissioner
Kelly Pehrson - CAO
John David Nielson - Clerk

Attendees: Crystal Brake, John Fellmeth, Wes Shook, David Carpenter, Wes Shook, Bruce Bushore, Kendall Laws, Kirk Bengel, Shelby Seely, Jerry McNeely,

A motion to approve the minutes from December 5, 2017 was made by Commissioner Benally and 2nd by Commissioner Lyman. Voting was unanimous.

Crystal Brake - SJC Personnel

Crystal presented several names to be accepted as new hires in various positions. She requested that Zachary Keith be the new Public Health Educator. A motion to approve the hire was made by Commissioner Benally and 2nd by Commissioner Lyman. Voting was unanimous.

Crystal also recommended that Andy Platt be names the new Business Coordinator for Economic Development with Robert Lyman as the alternate. She stated that there were 11 applicants for the position. A motion to approve the hire was made by Commissioner Benally and 2nd by Commissioner Lyman. Voting was unanimous. Commissioner Lyman declared that Robert Lyman is his brother.

Crystal said that the Road Department in the South District needed to replace a mechanic. There were 7 applicants resulting in 4 interviews. She suggested that Evan Rose be hired with Hunter Black as the alternate. A motion to approve the hire was made by Commissioner Lyman and 2nd by Commissioner Benally. Voting was unanimous.

Crystal also requested to have chair to sign insurance renewal with CIGNA. A motion to have the Chair sign the insurance renewal was made by Commissioner Lyman and 2nd by Commissioner Benally. Voting was unanimous.

Finally, Crystal asked for a signature on inter-local agreement with UCIP. Commissioner Adams declared that he is the President of UCIP. A motion to have the Commission Chair sign the agreement was made by Commissioner Lyman and 2nd by Commissioner Benally. Voting was unanimous.

A motion to go into public hearing was made by Commissioner Benally and 2nd by Commissioner Lyman. Voting was unanimous.

Commissioner Adams explained that the purpose of the public hearing was to consider adjustments to the 2017 General Fund and Related Budgets. John Fellmeth proposed that the General Fund budget be increased from \$12,209,684 to \$13,400,000. He explained why the adjustment is needed.

A motion to go out of public hearing was made by Commissioner Lyman and 2nd by Commissioner Benally. Voting was unanimous.

John also explained that other funds will need to be adjusted due to over expenditures. The requested adjustments are as follows: B-Road fund from \$6.8 million to \$7.8 million. The Public Health fund from \$839,000 to \$980,000, and the Tort Liability fund from \$239,000 to \$260,000. John also explained why the over the expending occurred and what the county is doing to mitigate it.

A motion to allow the County Clerk to make inter-departmental budgets for the 2017 budget was made by Commissioner Lyman and 2nd by Commissioner Benally. Voting was unanimous.

John David Nielson - SJC Clerk

John Fellmeth discussed the proposed 2018 budget. He anticipated and hoped for an increase in property values next year which would lead to increase revenues. He also explained that with the proposed budget, the county would be operating in the red. He also reviewed the different budgets. As part of the discussion, a cost of living (COLA) increase and other adjustments was talked about. A motion

to approve the 2018 budget with a 2% COLA increase was made by Commissioner Benally and 2nd by Commissioner Lyman. Voting was unanimous.

Kelly Pehrson - SJC CAO

Kelly presented an ordinance creating a CRA within San Juan County.

AN ORDINANCE OF THE SAN JUAN COUNTY COMMISSION CREATING A COMMUNITY REINVESTMENT AGENCY, DESIGNATING THE COUNTY COMMISSION TO BE THE GOVERNING BODY OF THE COMMUNITY REINVESTMENT AGENCY, GRANTING TO THE COMMUNITY REINVESTMENT AGENCY AUTHORITY AS PROVIDED BY STATUTE, AND PROVIDING FOR AN EFFECTIVE DATE

A motion to authorized the chair to sign the ordinance was made by Commissioner Lyman and 2nd by Commissioner Benally. Voting was unanimous.

Kelly also talked about extending the contract for Larson & Company to be the county's auditor. A motion to extend the contract with Larson & Company by 3 more years was made by Commissioner Benally and 2nd by Commissioner Lyman. Voting was unanimous.

Kelly mentioned that every year the county needs to re-submit names for the Grand County Water Conservancy Board. Dan Pyatte and Rex Tanner both made requests to be re-appointed as board members. Those recommendations would be sent to the Governor. A motion to re-appoint the board members was made by Commissioner Benally and 2nd by Commissioner Lyman. Voting was unanimous. Kelly presented an easement for Lowry Redd for approval. A motion to allow the CAO to sign the easement was made by Commissioner Lyman and 2nd by Commissioner Benally. Voting was unanimous.

Kelly had Bruce Bushore come to request the purchase of a new service monitor. Bruce explained the function of the monitor and presented several bids. He would recommend the bid for \$3780 from Vertronics. A motion to approve the purchase was made by Commissioner Lyman and 2nd by Commissioner Benally. Voting was unanimous.

Shelby Seely - SJC Assessor

Shelby came to the commission to recommend several property changes.

A motion to go into BOE was made by Commissioner Lyman and 2nd by Commissioner Benally. Voting was unanimous.

Shelby presented several properties that should be adjusted. The property belonging to Debbie Rush was being double taxed. A change was made to only tax the property once. The second property was inherited by Jeff Frost he applied to put it in Green Belt status. The last property was sold by Red Mesa Trading Company to UNHS.

A motion to leave BOE was made by Commissioner Lyman and 2nd by Commissioner Benally. Voting was unanimous.

A motion to accept the recommendations of the Assessor and make the changes to the properties was made by Commissioner Lyman and 2nd by Commissioner Benally. Voting was unanimous.

Commissioner Reports:

Commissioner Benally - Commissioner Benally attended a parent conference at Whitehorse HS, the Aneth Chapter Meeting. She also met with a bus driver who expressed some concern about an intersection in Monument Valley. She attended a CCP meeting in Moab. She wished everyone a Merry Christmas.

Commissioner Lyman - Commissioner Lyman talked about the redistricting hearing with Judge Shelby. He met with Ed Roberson and Gary Torres. He is excited about the CRA and would like to talk about potential projects in the near future. Wished everyone a Merry Christmas

Commissioner Adams - Commissioner Adams attended AOG last week and attended the NFR in Las Vegas. He also wished everyone a Merry Christmas.

Motion to adjourn was made by Commissioner Lyman and 2nd by Commissioner Benally. Voting was unanimous.

Meeting adjourned at 12:15