

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

LG&E Energy LLC)	Docket No. ER05-____-000
Louisville Gas & Electric Company, <i>et al.</i>)	Docket No. EC98-2-____
Louisville Gas & Electric Company, et <i>al.</i>)	Docket No. EC00-67-____
E.ON AG, et al.)	Docket No. EC01-115-____

Volume II

(Exhibit A)

October 7, 2005

PRO FORMA OPEN ACCESS

TRANSMISSION TARIFF

OF

LOUISVILLE GAS & ELECTRIC CO./KENTUCKY UTILITIES CO.

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COMMON SERVICE PROVISIONS

1 Definitions

1.1 Ancillary Services

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

1.2 Annual Transmission Costs

The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount calculated in Attachment O.

1.3 Application

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

1.4 Commission

The Federal Energy Regulatory Commission, referred to in this Tariff from time to time as "FERC."

1.5 Completed Application

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

1.6 Control Area

An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to: 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); maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice; maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice. The term “Control Area Operator” as provided for herein, shall mean the party operating the Control Area.

1.7 Curtailment

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

1.8 Delivering Party

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

1.9 Designated Agent

Any entity that performs actions or functions on behalf of the Independent Transmission Organization, the Transmission Owner, an Eligible Customer, or the Transmission Customer as may be required under the Tariff.

1.10 Direct Assignment Facilities

Facilities or portions of facilities that are constructed by the Transmission Owner for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

1.11 Eligible Customer

(i) Any electric utility (including the Transmission Owner 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 Owner or Independent Transmission Organization offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Owner. (ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Independent Transmission Organization or the Transmission Owner offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Owner, is an Eligible Customer under the Tariff.

1.12 Facilities Study

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

1.13 Firm Point-To-Point Transmission Service

Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

1.14 Good Utility Practice

Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

1.15 Independent Transmission Organization

The entity (referred to herein as the "ITO") to which LG&E/KU have delegated the responsibility and authority to administer the Tariff. The ITO controls the

Transmission Owner's transmission facilities used for the transmission of electric energy in interstate commerce, and provides transmission service under the Tariff to Transmission Customers.

1.16 Interruption

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

1.17 Load Ratio Share

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

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

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 Owner on whose behalf the Transmission Owner, by statute, franchise, regulatory requirement, or

contract, has undertaken an obligation to construct and operate the Transmission Owner'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 Owner'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), the ITO and the Transmission Owner 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.

1.27 Network Upgrades

Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Owner'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 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 Part I

Tariff Definitions contained in Section 1 and Common Service Provisions contained in Sections 2 through 12.

1.31 Part II

Tariff Sections 13 through 28 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.32 Part III:

Tariff Sections 29 through 36 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.33 Parties

The ITO, Transmission Owner and the Transmission Customer receiving service under the Tariff.

1.34 Point(s) of Delivery

Point(s) on the Transmission System where capacity and energy transmitted 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.

1.35 Point(s) of Receipt

Point(s) of interconnection on the Transmission System where capacity and energy will be made available to the Transmission Owner 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.

1.36 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.

1.37 Power Purchaser

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

1.38 Receiving Party

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

1.39 Reliability Coordinator

The party charged with providing reliability coordination service for the Transmission Owner's system in accordance with Attachment L hereto and any other applicable agreement or arrangements.

1.40 Reserved Capacity

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

1.41 Service Agreement

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

1.42 Service Commencement Date

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

1.43 Short-Term Firm Point-To-Point Transmission Service

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

1.44 System Impact Study

An assessment by the ITO 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.

1.45 Third-Party Sale

Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

1.46 Transmission Customer

Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the ITO and Transmission Owner 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.

1.47 Transmission Owner

LG&E/KU, the public utility operating companies which: (i) own the Transmission System; (ii) contract with the ITO for purposes of independently administering the terms of the Tariff; (iii) conduct those functions specified herein necessary to ensure the availability of open access transmission service under the

Tariff; and (iv) receive payment for Transmission Service as provided for in the Tariff.

1.48 Reserved:

1.49 Transmission Owner Monthly Transmission System Peak

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

1.50 Transmission Service

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

1.51 Transmission System

The facilities owned and operated by the Transmission Owner, and controlled by the ITO to the extent and as provided for in this Tariff, that are used to provide Transmission Service under Part II and Part III of the Tariff.

2 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transmission Capability

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

filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

2.2 Reservation Priority For Existing Firm Service Customers

Existing firm service customers (wholesale requirements and transmission-only, with a contract term of one-year or more), have the right to continue to take Transmission Service when the Service Agreement 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 ITO or elects to purchase capacity and energy from another supplier. If, at the end of the contract term, the 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. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of one-year or longer.

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The ITO is required to offer to arrange with the local Control Area operator to provide, as discussed below, and

the Transmission Customer is required to purchase, the following Ancillary Services from the Control Area operator (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation Sources.

The ITO is required to offer to arrange with the local Control Area operator as discussed below for the following Ancillary Services only to the Transmission Customer serving load within the Transmission Owner'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 Control Area operated by the Transmission Owner is required to acquire these Ancillary Services, whether through the ITO, from a third party (including the Transmission Owner), or by self-supply. The Transmission Customer may not decline to purchase Ancillary Services provided by the Transmission Owner unless the Transmission Customer 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 Owner. The Transmission Owner is required to offer and provide the Ancillary Services as provided for in the Schedules of the Tariff.

If the Transmission Owner is a public utility which makes open access transmission service available but is not a Control Area operator, such Transmission Owner may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Owner can fulfill its obligation to provide Ancillary Services by ensuring that the ITO acts 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 ITO act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5 and 6) from a third party or by self-supply when technically feasible.

The Transmission Owner 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 Owner as follows: (1) any offer of a discount made by the Transmission Owner 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 Owner's system. Sections 3.1 through 3.6 below list the six Ancillary Services.

3.1 Scheduling, System Control and Dispatch Service

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

3.2 Reactive Supply and Voltage Control from Generation Sources Service

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

3.3 Regulation and Frequency Response Service

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

3.4 Energy Imbalance Service

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

3.5 Operating Reserve - Spinning Reserve Service

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

3.6 Operating Reserve - Supplemental Reserve Service

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

4 Open Access Same-Time Information System (OASIS)

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities). In the event available transmission capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 33.

5 Local Furnishing Bonds

5.1 Transmission Owners That Own Facilities Financed by Local Furnishing Bonds

This provision is applicable only to Transmission Owners 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 Owner shall not be required to make available 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 Owner’s facilities that would be used in providing such transmission service.

5.2 Alternative Procedures for Requesting Transmission Service

If the ITO 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 the Transmission Owner’s 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. If the Eligible Customer thereafter renews its request for the same transmission service referred to in (1) by tendering an application under Section 211 of the Federal Power Act, the Transmission Owner, 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 waiver of 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 Owner shall be required to make available the requested transmission service in accordance with the terms and conditions of this Tariff.

6 Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to the Transmission Owner on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. A Transmission Customer that is a member of a power pool or Regional Transmission Group also agrees to provide comparable transmission service to the members of such power pool and Regional Transmission Group on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any

Eligible Customer that owns controls or operates transmission facilities that use 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.

The Transmission Owner will make available reciprocal non-pancaked transmission service only as provided for in the Schedules.

7 Billing and Payment

7.1 Billing Procedure

Within a reasonable time after the first day of each month, the ITO 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 ITO, or by wire transfer to a bank named by the ITO.

7.2 Interest on Unpaid Balances

Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 CFR § 35.1 9a(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 ITO.

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 ITO on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the ITO 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 ITO 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 ITO and the Transmission Customer, the ITO will continue to ensure that service under the Service Agreement is provided 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 ITO may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

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

The ITO shall record the following amounts, as outlined below.

8.1 Transmission Revenues

Include in a separate operating revenue account or sub-account the revenues it receives from Transmission Service associated with Third-Party Sales made by the Transmission Owner under Part II of the Tariff.

8.2 Study Costs and Revenues

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

9 Regulatory Filings

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

10 Force Majeure and Indemnification

10.1 Force Majeure

An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the ITO 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 ITO and the Transmission Owner 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 ITO and/or the Transmission Owner's performance of obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the ITO or the Transmission Owner.

11 Creditworthiness

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the ITO may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, the ITO may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to the ITO and consistent with commercial practices established by the Uniform Commercial Code that protects the ITO against the risk of non-payment.

12 Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures

Any dispute between a Transmission Customer and the ITO 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 ITO and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the Parties may agree upon) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

12.2 External Arbitration Procedures

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

Association and any applicable Commission regulations or Regional
Transmission Group rules.

12.3 Arbitration Decisions

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

12.4 Costs

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

(A) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or

(B) one-half the cost of the single arbitrator jointly chosen by the Parties.

12.5 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.

POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The Transmission Owner will make available, Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff.

Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery. Transmission Customers shall arrange for such service with the ITO.

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term

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

13.2 Reservation Priority

Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service. Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of

the requested transaction. If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines: one day before the commencement of daily service one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transmission capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term reservation before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the ITO of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff. Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers, consistent with the terms of the Schedules. Reservation priorities for existing firm service customers are provided in Section 2.2.

13.3 Use of Firm Transmission Service by the Transmission Owner

The Transmission Owner will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under the Tariff. The ITO and the Transmission Owner will ensure that separate accounting is maintained, pursuant to Section 8, for any use by the Transmission Owner of the Point-To-Point Transmission Service to make its own Third-Party Sales.

13.4 Service Agreements

The ITO 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 ITO 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.

13.5 Transmission Customer Obligations for Facility Additions or Redispatch Costs

In cases where the ITO 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 ITO's ability to meet prior firm contractual commitments to others, the Transmission Owner 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 ITO for any necessary transmission facility additions pursuant to the terms of Section 27 and the Schedules. To the extent the system constraints can be relieved more economically by redispatching the Transmission Owner's resources rather than through constructing Network Upgrades, the Transmission Owner shall do so, provided that the Eligible Customer agrees to compensate the Transmission Owner pursuant to the terms of Section 28. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

13.6 Curtailment of Firm Transmission Service

In the event that a Curtailment on the Transmission Owner's Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Control Area operator 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 Owner's Native Load Customers. All Curtailments will be made on a non-discriminatory basis; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. When the Control Area operator 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 Control Area operator where applicable. However, the Control Area operator reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when the Control Area operator in its sole discretion determines that an emergency or other unforeseen condition will impair or degrade the reliability of the Transmission System. The Control Area operator or ITO will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. Such Curtailments may also be ordered by the Reliability Coordinator.

13.7 Classification of Firm Transmission Service

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

22.2. The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt. The Transmission Owner shall make service available for firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery, Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The

Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The ITO 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 Owner) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery.

13.8 Scheduling of Firm Point-To-Point Transmission Service

Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the ITO no later than 10:00 a.m. EST (Eastern Standard Time) of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. EST will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Owner's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The ITO will furnish to the Delivering Party's system operator,

hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the ITO, and the ITO shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

13.9 Reciprocity Firm

Such service will be provided under this tariff for transactions with sinks and sources in the Midwest ISO/PJM on a reciprocal basis as provided for in Schedules 7 and 8.

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

14.1 Term

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

14.2 Reservation Priority

Non-Firm Point-To-Point Transmission Service shall be available from transmission capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned to reservations with a longer duration of service. In the event the Transmission System is constrained, competing requests of equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the ITO; 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 ITO. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

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

Owner

The Transmission Owner will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under this Tariff. The Transmission Owner 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 ITO 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 Owner 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 ITO 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 Owner) 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 ITO no later than 2:00 p.m. EST of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. EST 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. Transmission Customers within the Transmission Owner's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The ITO will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those

furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the ITO, and the ITO shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14.7 Curtailment or Interruption of Service

The Control Area operator 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 the Transmission System. The Control Area Operator reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. The ITO also will discontinue or reduce service made available 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 Control Area operator will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice. The ITO will provide advance notice of Interruption where such notice can be provided consistent with Good Utility Practice.

15 Service Availability

15.1 General Conditions

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

15.2 Determination of Available Transmission Capability

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

15.3 Initiating Service in the Absence of an Executed Service Agreement

If the ITO 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 ITO shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the ITO to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the ITO for such requested Transmission Service. The Transmission Owner shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the Transmission Owner 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

If the ITO determines that a Completed Application for Firm Point- To-Point Transmission Service cannot be accommodated because of insufficient capability on the Transmission System, the Transmission Owner will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, provided the Transmission Customer agrees to compensate the Transmission Owner for such costs pursuant to the terms of Section 27. The ITO will follow Good Utility Practice in assessing the need for new facilities and with respect to the design and construction of such facilities to be undertaken by the Transmission Owner. The obligation applies only to those facilities that the Transmission Owner has the right to expand or modify.

15.5 Deferral of Service

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

15.6 Other Transmission Service Schedules

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

15.7 Real Power Losses

Real Power Losses are associated with all transmission service. The Transmission Owner is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service calculated consistent with the terms of the Tariff. The applicable Real Power Loss factor shall not exceed 3% of the hourly scheduled load.

16 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers:

Point-To-Point Transmission Service shall be made available by the Transmission Owner only if the following conditions are satisfied by the Transmission Customer, as determined by the ITO:

- 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 Owner prior to the time service under Part II of the Tariff commences;

- d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff whether or not the Transmission Customer takes service for the full term of its reservation; and
- e. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

16.2 Transmission Customer Responsibility for Third-Party Arrangements

Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the ITO, notification to the ITO identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the ITO 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 ITO will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

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

17.1 Application

A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to: The Southwest Power Pool, 415 North McKinley #140 Plaza West, Little Rock, Arkansas, 72205, at least sixty (60) days in advance of the calendar month in which service is to commence. The

ITO will consider requests for such firm service on shorter notice when feasible.

Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the OASIS. Prior to implementation of the OASIS, a Completed Application may be submitted by (i) transmitting the required information to the ITO by telefax, or (ii) providing the information by telephone over the ITO's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application

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

- The identity, address, telephone number and facsimile number of the entity requesting service;
- A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- 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 ITO 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 applicable seams and information sharing agreements. The ITO shall treat this information consistent with

the standards of conduct contained in Part 37 of the Commission's regulations;

- A description of the supply characteristics of the capacity and energy to be delivered;
- An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- The Service Commencement Date and the term of the requested Transmission Service; and
- The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Owner's Transmission System. Customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement. The ITO 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 Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by the ITO 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 ITO 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 ITO and the Transmission Owner if the Transmission Owner 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 ITO to the extent such costs have not already been recovered by the ITO from the Eligible Customer. The ITO will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the Transmission Owner's account.

17.4 Notice of Deficient Application

If an Application fails to meet the requirements of the Tariff, the ITO shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The ITO will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ITO 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 ITO shall make a determination of available transmission capability as required in Section 15.2. The ITO 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 ITO 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 ITO 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 ITO will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service

The Transmission Customer can obtain up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

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

18.1 Application

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

18.2 Completed Application

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

- The identity, address, telephone number and facsimile number of the entity requesting service;
- A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- The Point(s) of Receipt and the Point(s) of Delivery;
- The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- The proposed dates and hours for initiating and terminating transmission service hereunder.

If Transmission Service is provided under an umbrella Service Agreement for Non-Firm Point-To-Point Transmission Service, only the information listed in subsections (i), (ii), and (iii) will be required in the Application. The remaining information listed in subsections (iv) and (v) will be required when a capacity reservation is requested. In addition to the information specified above, when required to properly evaluate system conditions, the ITO also may ask the Transmission Customer to provide the following:

- The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- The electrical location of the ultimate load.
- The ITO 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 seams and transmission information sharing agreements. The ITO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

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

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

accommodated if practicable. Requests for hourly service for the next hour may be tendered by telephone or fax; however, the Transmission Customer must submit a pre confirmed request on OASIS prior to one hour after the Transmission Service has commenced.

18.4 Determination of Available Transmission Capability

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

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

19.1 Notice of Need for System Impact Study

After receiving a request for service, the ITO shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the ITO's methodology for completing a System Impact Study is provided in Attachment D. If the ITO 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 ITO 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 ITO for the actual costs of the System Impact Study, including any costs incurred by the ITO or the Transmission Owner with performing their respective functions for 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 ITO 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

The System Impact Study Agreement will clearly specify the ITO's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the ITO 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. 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 ITO to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers. For System Impact Studies that the ITO conducts for the Transmission Owner, the ITO 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 ITO will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. In the event that the ITO is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The ITO will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for the Transmission Owner. The ITO shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be

incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

19.4 Facilities Study Procedures

If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the ITO, 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 ITO for the actual costs of the Facilities Study, including any costs incurred by the ITO or the Transmission Owner with respect to performing their respective functions for the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the ITO 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 Owner will use due diligence to complete the required Facilities Study within a sixty (60) day period.

If the Transmission Owner is unable to complete the Facilities Study in the

allotted time period, the ITO 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 ITO with a letter of credit or other reasonable form of security acceptable to the Transmission Owner 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 Owner 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 Owner shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time consistent herewith.

The Transmission Owner will not be required to 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 ITO determines that adequate transmission capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service is not available, the Transmission Owner nonetheless shall be obligated to make available 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 Owner 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 ITO 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 Owner 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 ITO 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 Owner for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer’s request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

20 Procedures if The Transmission Owner 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 ITO shall promptly notify the Transmission Customer. In such circumstances, the ITO 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 Owner 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 ITO and the Transmission Owner 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 ITO 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 ITO 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 ITO shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the ITO 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 ITO 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 regulation 18 CFR 35.19a(a)(2)(iii). However, the Transmission Customer shall be responsible for all prudently incurred costs by the ITO and the Transmission Owner through the time construction was suspended.

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

21.1 Responsibility for Third-Party System Additions

The Transmission Owner 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 ITO 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 Owner shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Owner, after consultation with the ITO and 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 ITO 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 Owner of the intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

22 Changes in Service Specifications

22.1 Modifications On a Non-Firm Basis

The Transmission Customer taking Firm Point-To-Point Transmission Service or Reciprocity Firm may make a request to the ITO that transmission service be made available 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. 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 Owner on behalf of its Native Load Customers. 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. 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. 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.

23 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.

24 Sale or Assignment of Transmission Service

24.1 Procedures for Assignment or Transfer of Service

Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall not exceed the higher of (1) the original rate paid by the Reseller, (ii) the Transmission Owner's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at the Transmission Owner's cost of expansion. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of

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

24.2 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 ITO 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 Owner's generation, transmission, or distribution systems. The Assignee shall compensate the ITO for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Parties through an amendment to the Service Agreement.

24.3 Information on Assignment or Transfer of Service

In accordance with Section 4, Resellers may use the Transmission Owner's OASIS to post transmission capacity available for resale.

25 Metering and Power Factor Correction at Receipt and Delivery Points(s)

25.1 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 ITO. Such equipment shall remain the property of the Transmission Customer.

25.2 ITO Access to Metering Data

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

25.3 Power Factor

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

26 Compensation for Transmission Service

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

27 Stranded Cost Recovery

The Transmission Owner 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 and Order No. 888-A, and any subsequent revisions thereto. However, the Transmission Owner must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

28 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study is performed by the ITO 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 the Schedules. Whenever a System Impact Study performed by the ITO or a Transmission Owner identifies capacity constraints that may be relieved more economically by redispatching the Transmission Owner resources than by building new facilities or upgrading existing facilities to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with the Schedules.

NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

The Transmission Owner will make available 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 Owner 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.

29 Nature of Network Integration Transmission Service

29.1 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 Control Area and any additional load that may be designated pursuant to Section 32.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

29.2 Transmission Owner Responsibilities

The Transmission Owner will plan (subject to regional plans and coordination), construct, operate and maintain the Transmission System in accordance with Good Utility Practice in order to make available to the Network Customer

Network Integration Transmission Service over the Transmission Owner's Transmission System. The Transmission Owner, 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 ITO to calculate available transmission capability. The Transmission Owner shall include the Network Customer's Network Load in the Transmission System planning and shall, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Owner's delivery of its own generating and purchased resources to its Native Load Customers.

29.3 Network Integration Transmission Service

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

29.3 A Reciprocal Network Integration Transmission Service

Such service will be provided under this tariff for transactions with sinks and sources in the Midwest ISO/PJM on a reciprocal basis as provided for in Schedules 7 and 8.

29.4 Secondary Service

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

29.5 Real Power Losses

Real Power Losses are associated with all transmission service. The Transmission Owner is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by the ITO. The applicable Real Power Loss factor is 3% of the hourly scheduled load.

29.6 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 System.

30 Initiating Service

30.1 Condition Precedent for Receiving Service

Subject to the terms and conditions of Part III of the Tariff, the Transmission Owner will make available 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 ITO complete the technical arrangements set forth in Sections 30.3 and 30.4, (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 ITO and Transmission Owner file a proposed unexecuted Service Agreement with the Commission, and (iv) the Eligible Customer executes a Network Operating Agreement with the ITO and the Transmission Owner pursuant to Attachment G.

30.2 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 ITO as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a

priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Owner's OASIS. Prior to implementation of the OASIS, a Completed Application may be submitted by (i) transmitting the required information to the ITO by telefax, or (ii) providing the information by telephone over the ITO'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:

- The identity, address, telephone number and facsimile number of the party requesting service;
- A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- 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 Owner 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;
- 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;

- A description of Network Resources (current and 10-year projection), which shall include, for each Network Resource:
 - Unit size and amount of capacity from that unit to be designated as Network Resource
 - VAR capability (both leading and lagging) of all generators
 - Operating restrictions
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
 - Approximate variable generating cost (\$/MWH) for redispatch computations
 - Arrangements governing sale and delivery of power to third parties from generating facilities located in the Control Area, where only a portion of unit output is designated as a Network Resource
 - Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery point(s) to the Transmission Owner's Transmission System;

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 Owner
- Operating restrictions needed for reliability

- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- 10 year projection of system expansions or upgrades
- Transmission System maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and
- Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year.

Unless the Parties agree to a different time frame, the ITO 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 ITO shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the ITO will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ITO shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The ITO shall

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

30.3 Technical Arrangements to be Completed Prior to Commencement of Service

Network Integration Transmission Service shall not commence until the Transmission Owner 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 Owner 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.

30.4 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 Owner's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

30.5 Filing of Service Agreement

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

31 Network Resources

31.1 Designation of Network Resources

Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. 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.

31.2 Designation of New Network Resources

The Network Customer may designate a new Network Resource by providing the ITO with as much advance notice as practicable. A designation of a new Network Resource must be made by a request for modification of service pursuant to an Application under Section 30.

31.3 Termination of Network Resources

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

31.4 Operation of Network Resources

The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Owner's Control Area such that the output of those facilities exceeds its designated Network Load, plus non-firm sales delivered pursuant to Part II of the Tariff, plus losses. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Control Area Operator to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System.

31.5 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 Control Area Operator pursuant to Section 34.2. 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 Owner.

31.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Owner

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 Owner's Transmission System. The ITO 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.

31.7 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.

31.8 Use of Interface Capacity by the Network Customer

There is no limitation upon a Network Customer's use of the Transmission Owner'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 Owner's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

31.9 Network Customer Owned Transmission Facilities

The Network Customer that owns existing transmission facilities that are integrated with the Transmission Owner'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 Owner to serve its power and transmission customers. For facilities constructed by the Network Customer subsequent to the Service Commencement Date under Part III of the Tariff, the Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with the Transmission Owner. Calculation of the credit shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

32 Designation of Network Load

32.1 Network Load

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

32.2 New Network Loads Connected With the Transmission Owner

The Network Customer shall provide the ITO with as much advance notice as reasonably practicable of the designation of new Network Load that will be added

to the Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The Transmission Owner 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 33.4 and shall be charged to the Network Customer in accordance with Commission policies.

32.3 Network Load Not Physically Interconnected with the Transmission Owner

This section applies to both initial designation pursuant to Section 32.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Owner. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Owner'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.

32.4 New Interconnection Points

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

32.5 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 Owner and charged to the Network Customer as reflected in the Service Agreement. However, the ITO must treat any requested change in Network Integration Transmission Service in a non discriminatory manner.

32.6 Limitations on Charges and Cost Responsibilities

Bundled Load: To the extent that the Transmission Owner takes Network Integration Transmission Service to serve its bundled load, the Transmission Owner shall not pay charges pursuant to Schedules 1 through 6 nor Schedule 9.

32.7 Annual Load and Resource Information Updates

The Network Customer shall provide the ITO with annual updates of Network Load and Network Resource forecasts consistent with those included in its

Application for Network Integration Transmission Service under Part III of the Tariff. The Network Customer also shall provide the ITO 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 Owner's ability to provide reliable service.

33 Additional Study Procedures For Network Integration Transmission Service Requests

33.1 Notice of Need for System Impact Study

After receiving a request for service, the ITO shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the ITO's methodology for completing a System Impact Study is provided in Attachment D. If the ITO 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 ITO 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 ITO for the actual costs of the System Impact Study, including any costs incurred by the ITO or the Transmission Owner with performing their respective functions for 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 ITO 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.

33.2 System Impact Study Agreement and Cost Reimbursement

The System Impact Study Agreement will clearly specify the ITO's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the ITO 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. If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers. For System Impact Studies that the ITO conducts for the Transmission Owner, the ITO shall record the cost of the System Impact Studies pursuant to Section 8.

33.3 System Impact Study Procedures

Upon receipt of an executed System Impact Study Agreement, the ITO will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. In the event that the ITO is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The ITO will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for the Transmission Owner. The ITO 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.

33.4 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 ITO, 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 ITO and the Transmission Owner for the actual costs of the Facilities Study, including any costs incurred by the ITO or the Transmission Owner with performing the respective functions for the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the ITO 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 Owner will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the ITO is unable to complete the Facilities Study in the allotted time period, the ITO shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and

(iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide the ITO with a letter of credit or other reasonable form of security acceptable to the Transmission Owner 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.

34 Load Shedding and Curtailments

34.1 Procedures

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

34.2 Transmission Constraints

During any period when the ITO or Control Area Operator (pursuant to directions from the applicable Reliability Authority) determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Owner's system, the Control Area will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the Transmission System. To the extent the Control Area Operator determines that the reliability of the Transmission System can be maintained by redispatching resources, it will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Owner'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 Owner'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.

34.3 Cost Responsibility for Relieving Transmission Constraints

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

34.4 Curtailments of Scheduled Deliveries

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

34.5 Allocation of Curtailments

The Control Area Operator 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 Owner and Network Customer in proportion to their respective Load Ratio Shares. The Control Area Operator where applicable shall not direct the Network Customer to Curtail schedules to an extent greater than the Control Area operator would Curtail the Transmission Owner's schedules under similar circumstances.

34.6 Load Shedding

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

34.7 System Reliability

Notwithstanding any other provisions of this Tariff, the Control Area Operator reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability for the purpose of making necessary adjustments to, changes in, or repairs to the Transmission Owner's 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 Owner's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Owner's Transmission System, the Control Area Operator, 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 Control Area operator 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 Owner's use of the Transmission System on behalf of its Native Load Customers. The ITO 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.

35 Rates and Charges

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

35.1 Charge

The Network Customer shall pay a charge set forth in Schedule 9.

35.2 Determination of Network Customer's Monthly Network Load:

The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with the Transmission Owner under Section 32.3) coincident with the Transmission Owner's Monthly Transmission System Peak.

35.3 Determination of Transmission Owner's Monthly Transmission System Load

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

35.4 Redispatch Charge

The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Network Customer and the Transmission Owner pursuant to Section 34. To the extent that the Transmission Owner 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.

35.5 Stranded Cost Recovery

The Transmission Owner 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 Nos. 888 and 888A, and any subsequent revisions thereto. However, the Transmission Owner must separately file any proposal to recover stranded costs under Section 205 of the Federal Power Act.

35.6 Incremental Cost Charge

The Transmission Customer shall pay, either in a lump sum or on a monthly basis as agreed to by the ITO, for the incremental cost of any Direct Assignment Facilities or Network Upgrades determined in accordance with this Tariff that may be directly assigned to the Transmission Customer in accordance with Commission policies.

36 Operating Arrangements

36.1 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.

36.2 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 Owner's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the ITO and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Owner's Transmission System, interchange schedules, unit outputs for redispatch required under Section 34, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council (NERC) and the East Central Area Reliability Coordination Agreement (ECAR), (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by

contracting with Parties as provided for hereunder, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and ECAR requirements. The ITO and Transmission Owner shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

36.3 Network Operating Committee

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

SCHEDULE 1
Scheduling, System Control and Dispatch Service

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Owner or indirectly by the ITO making arrangements with the Transmission Owner to perform this service for the Transmission Owner's Transmission System. The Transmission Customer must purchase this service from the Transmission Owner. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below.

Compensation for Scheduling, System Control and Dispatch Service provided by the Transmission Owner shall not exceed \$0.084/KW-year, \$0.007/KW-month, \$0.0016/KW-week, \$.0002/KW-day or \$.00001/KWH.

SCHEDULE 2
Reactive Supply and Voltage Control from Generation Sources Service

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

Reactive Supply and Voltage Control from Generation Sources Service is to be provided directly by the Transmission Owner or indirectly by the ITO making arrangements with the Transmission Owner to perform this service for the Transmission Owner's Transmission System. The Transmission Customer must purchase this service from the Transmission Owner. The Transmission Customer may reduce the total charges for this service to the extent it can contribute to the required reactive supply of the system. The Company will provide this service at the rate specified in Schedule 2 times the Transmission Customer's Reserved Capacity or the Transmission Customer's Network Load for Network Integration Transmission Service. The rate for this service shall not exceed the applicable rate per kilowatt-month specified below times the Transmission Customer's highest monthly Network Load or Reserved Capacity:

Service Type	Point-to-Point		Network: Up To
	ON-PEAK/OFF-PEAK Firm: Up To	ON-PEAK/OFF-PEAK Non-Firm: Up To	
	Applied to Reservation Amount	Applied to Reservation Amount	Applied to Network Load
Annual (\$/KW-Yr)	\$ 1.30		
Monthly (\$/KW-Mo)	\$0.108	\$ 0.108	\$ 0.108
Weekly (\$/KW-Wk)	\$ 0.025	\$ 0.025	
Daily (\$/KW-Day)	\$ 0.005/0.0036	\$ 0.005/0.0036	
Hourly (\$/KWH)		\$ 0.0003/0.00015	

Note: OFF-Peak Hours are defined as all hours on OFF-PEAK DAYS and the hour ending 2400 through the hour ending 0700 prevailing Eastern time on other days. Off-Peak days shall be defined as Saturday and Sunday, as well as the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Note: Daily delivery

The total demand charge in any week, pursuant to a reservation for daily delivery, shall not exceed the weekly rate specified above times the highest amount in Kilowatts of Reserved Capacity for this service in any day during such week.

Note: Hourly delivery

The total demand charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the daily rate specified above times the highest amount in Kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week,

pursuant to a reservation for hourly or daily delivery of this service, shall not exceed the weekly

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rate specified above times the highest amount in Kilowatts of Reserved Capacity for this service
in any hour during such week.

SCHEDULE 3
Regulation and Frequency Response Service

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Control Area. The Transmission Owner 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 Owner or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service provided by the Transmission Owner are set forth below.

A Transmission Customer purchasing Regulation and Frequency Response Service will be required to purchase an amount of reserved capacity equal to 1 percent of the Transmission Customer's Reserved Capacity for Point-to-Point Transmission Service or 1 percent of the Transmission Customer's Network Load for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 1 percent purchase obligation that Transmission Customer obtains from third parties or supplies itself.

The rate for this service shall not exceed the applicable rate per kilowatt-month specified below times the Transmission Customer's highest monthly Network Load or Reserved Capacity:

Service Type	Point-to-Point		Network: Up To
	ON-PEAK/OFF-PEAK Firm: Up To	ON-PEAK/OFF-PEAK Non-Firm: Up To	
	Applied to 1% of the Reservation	Applied to 1% of the Reservation	Applied to 1% of the Network Load
Annual (\$/KW-Yr)	\$ 82.80		
Monthly (\$/KW-Mo)	\$ 6.90	\$ 6.90	\$ 6.90
Weekly (\$/KW-Wk)	\$ 1.59	\$ 1.59	
Daily (\$/KW-Day)	\$ 0.318/.227	\$ 0.318/.227	
Hourly (\$/KWH)		\$ 0.0199/0.0095	

Note: OFF-Peak hours are defined as all hours on OFF-PEAK DAYS and the hour ending 2400 through the hour ending 0700 prevailing Eastern time on other days. Off-Peak days shall be defined as Saturday and Sunday, as well as the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Note: Daily delivery

The total demand charge in any week, pursuant to a reservation for daily delivery, shall not exceed the weekly rate specified above times the highest amount in Kilowatts of Reserved Capacity for this service in any day during such week.

Note: Hourly delivery

The total demand charge in any day, pursuant to a reservation for hourly delivery, shall not exceed, the daily rate specified above times the highest amount in Kilowatts of Reserved

Capacity in any hour during such day. In addition, the total demand charge in any week,

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pursuant to a reservation for hourly or daily delivery of this service, shall not exceed the weekly rate specified above times the highest amount in Kilowatts of Reserved Capacity for this service in any hour during such week.

SCHEDULE 4
Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Owner must offer this service when the transmission service is used to serve load or generation within its Control Area. The Transmission Customer must either purchase this service from the Transmission Owner or make alternative comparable arrangements to satisfy its Energy Imbalance Service obligation.

The Transmission Owner shall establish a deviation band of +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s). Parties should attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days. If an energy imbalance within the deviation band is not corrected within thirty (30) days after the billing period, the Transmission Customer will compensate the Transmission Owner for such service or the Transmission Owner will compensate the customer as provided below for outside the bandwidth imbalance. Energy imbalances outside the deviation band will be subject to charges to be specified by the Transmission Owner. The charges for Energy Imbalance Service are set forth below.

Compensation

Energy:

Whenever the scheduled delivery to a customer for any hour is less than or greater than its integrated hourly metered load by an amount which is within +/- 1.5% of the scheduled

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transaction amount: 1) the customer shall return to the Transmission Owner the energy, in kind and under like conditions, when the customer has underscheduled for its load, or 2) the Transmission Owner shall return the energy, in kind and under like conditions, when the customer has overscheduled for its load.

For every hour in which the customer's imbalance has exceeded the +/- 1.5% bandwidth, 1) the customer shall pay to the Transmission Owner at a rate not to exceed the higher of 100 mills per KWH or the Transmission Owner's actual incremental cost when the Transmission Owner supplies the energy, or 2) the provider shall pay the customer at a rate of 90% of the provider's decremental cost when the provider purchases the energy. The Transmission Owner's decremental cost will be based on its system lambda for that hour. The Transmission Owner's system lambdas will be calculated each hour with the MWH output of each generator supplying power to the system being evaluated at the level of the generator's incremental/decremental cost curve, whether on automatic generation control or not. The system lambda will be the incremental/decremental production cost recorded for the highest cost MWH source for the hour. Transmission losses are not included in this determination.

SCHEDULE 5
Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output. The Transmission Owner 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 Owner 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. The Rate for this service shall not exceed the applicable rate per kilowatt-month specified below times the Transmission Customer's highest monthly Network Load or Reserved Capacity.

A Transmission Customer purchasing Spinning Reserve Service will be required to purchase an amount of reserved capacity equal to 1.5 percent of the Transmission Customer's Reserved Capacity for Point-to-Point Transmission Service or 1.5 percent of the Transmission Customer's Network Load for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 1.5 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself. No energy imbalance charge will be imposed as a result of a customer's use of Spinning Reserve and Supplemental Reserve Services.

Service Type	Point-to-Point		Network: Up To
	ON-PEAK/OFF-PEAK Firm: Up To	ON-PEAK/OFF-PEAK Non-Firm: Up To	
	Applied to 1.5% of the Reservation	Applied to 1.5% of the Reservation	Applied to 1.5% of the Network Load
Annual (\$/KW-Yr)	\$ 85.56		
Monthly (\$/KW-Mo)	\$ 7.13	\$ 7.13	\$ 7.13
Weekly (\$/KW-Wk)	\$ 1.65	\$ 1.65	
Daily (\$/KW-Day)	\$ 0.329/.234	\$ 0.329/.234	
Hourly (\$/KWH)		\$ 0.0206/0.0098	

Note: OFF-Peak hours are defined as all hours on OFF-PEAK DAYS and the hour ending 2400 through the hour ending 0700 prevailing Eastern time on other days. Off-Peak days shall be defined as Saturday and Sunday, as well as the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Note: Daily delivery

The total demand charge in any week, pursuant to a reservation for daily delivery, shall not exceed the weekly rate specified above times the highest amount in Kilowatts of Reserved Capacity for this service in any day during such week.

Note: Hourly delivery

The total demand charge in any day, pursuant to a reservation for hourly delivery, shall not exceed, the daily rate specified above times the highest amount in Kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for hourly or daily delivery of this service, shall not exceed the weekly

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
 Issued On: October 7, 2005

Effective On Transmission
 Owner's Exit from the
 Midwest ISO

rate specified above times the highest amount in Kilowatts of Reserved Capacity of this service
in any hour during such week.

SCHEDULE 6
Operating Reserve - Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on line but unloaded, by quick-start generation or by interruptible load. The Transmission Owner 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 Owner 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.

A Transmission Customer purchasing Supplemental Reserve Service will be required to purchase an amount of reserved capacity equal to 1.5 percent of the Transmission Customer's Reserved Capacity for Point-to-Point Transmission Service or 1.5 percent of the Transmission Customer's Network Load for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 1.5 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself. No Energy imbalance charge will be imposed as a result of a customer's use of Spinning Reserve and Supplemental Reserve Services.

The Rate for this service shall not exceed the applicable rate per kilowatt specified below times the Transmission Customer's highest monthly Network Load or Reserved Capacity:

Service Type	Point-to-Point		Network: Up T0
	ON-PEAK/OFF-PEAK Firm: Up To	ON-PEAK/OFF-PEAK Non-Firm: Up To	
	Applied to 1.5% of the Reservation	Applied to 1.5% of the Reservation	Applied to 1.5% of the Network Load
Annual (\$/KW-Yr)	\$ 85.56		
Monthly (\$/KW-Mo)	\$7.13	\$ 7.13	\$ 7.13
Weekly (\$/KW-Wk)	\$ 1.65	\$ 1.65	
Daily (\$/KW-Day)	\$ 0.329/.234	\$ 0.329/.234	
Hourly (\$/KWH)		\$ 0.0206/.0098	

Note: OFF-Peak hours are defined as all hours on OFF-PEAK DAYS and the hour ending 2400 through the hour ending 0700 prevailing Eastern time on other days. Off-Peak days shall be defined as Saturday and Sunday, as well as the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Note: Daily delivery

The total demand charge in any week, pursuant to a reservation for daily delivery, shall not exceed the weekly rate specified above times the highest amount in Kilowatts of Reserved Capacity for this service in any day during such week.

Note: Hourly delivery

The total demand charge in any day, pursuant to a reservation for hourly delivery, shall not exceed, the daily rate specified above times the highest amount in Kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for hourly or daily delivery of this service, shall not exceed the weekly

rate specified above times the highest amount in Kilowatts or Reserved Capacity for this service
in any hour during such week.

SCHEDULE 7

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

The Transmission Customer shall compensate the Transmission Owner each month for Reserved Capacity at the sum of the applicable charges set forth below in addition to other applicable charges specified in the Tariff.

(1) Rates: All effective rates under this Schedule shall be posted on the Transmission Owner's OASIS. The rates are calculated using the formula included in Attachment O. The rates will be recalculated each June 1 based on the prior full calendar or fiscal year.

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

(3) Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Owner 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 Owner 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.

(4) Compliance with Agreements: If the Commission has allowed agreements to become effective which require a waiver of any of the charges under this Schedule, then such charges shall be waived.

(5) Credit for Charges During Transmission Loading Relief (TLR) Events: In the event there is a Curtailment of confirmed Point-To-Point Transmission Service on the Transmission System due to a TLR event, credit will be given to the Transmission Customer(s) that are actually requested to curtail their energy schedules associated with the confirmed Point-To-Point Transmission Service. No credits will be given for: (1) TLR events external to the Transmission System; (2) Non-Firm Secondary Point-To-Point Transmission Service under a Firm Point-To-Point reservation; or, (3) Next-Hour Transmission Service. Under no circumstances shall the amount credited exceed the amount the customer was actually curtailed nor will credit be given for any hours other than those in which the Curtailment was requested.

(6) Rates for Interzonal Service Between PJM Interconnection LLC, MISO, and LG&E/KU (“Reciprocity Firm”): Subject to Subsection 7, for service with sources or sinks on the Transmission System and sources or sinks within the PJM Interconnection LLC and/or the Midwest ISO systems, the charges for service on the Transmission System shall be set in accordance with this paragraph 6, and the Table:

(A) For service where the generation source is within the Transmission System and the sink is within the MISO/PJM systems, the applicable charge is \$0.

(B) For service where the generation source is within the MISO/PJM systems and the sink is located within the Transmission System, the Transmission Customer shall pay the Transmission Owner's rate for Firm Point-to-Point Service in accordance with this Schedule 7.

(C) For service where the generation source is within the Transmission System, and the sink is in a control area outside the "Super Region" (MISO/PJM), the Transmission Customer shall pay the Transmission Owner's rate for Firm Point-to-Point Service in accordance with this Schedule 7.

(D) For service where the generation source is outside "Super Region," and the sink is within the Transmission System, the Transmission Customer shall pay the Transmission Owner's rate for Firm Point-to-Point Service in accordance with this Schedule 7.

(E) For service where the generation source is within the Transmission System and the sink is in a control area outside the "Super Region," but the service is scheduled at an interface between the Transmission System and the MISO/PJM systems, the applicable charge is \$0.

(F) For service where the generation source is in a control area outside the "Super Region" and the Transmission System, and the sink is within the Transmission System, but the service is scheduled at an interface between the MISO/PJM systems and the Transmission System, the Transmission Customer shall pay the Transmission Owner's rate for Firm Point-to-Point Service in accordance with this Schedule 7.

(G) For service where both the generation source and the load are located in control areas outside the "Super Region," but the service must traverse both the Transmission System and the MISO/PJM systems and is scheduled at an LG&E interface with control areas other than

MISO/PJM, the Transmission Customer shall pay the Transmission Owner's rate for Firm Point-to-Point Service in accordance with this Schedule 7.

(H) For service where the generation source is within the "Super Region," and the sink is in a control area outside the Transmission System, but service is required through the Transmission System, then the applicable charge is \$0.

(I) For service where the generation source is within the "Super Region," and the sink is in a control area outside the Transmission System, and service is scheduled through the Transmission System (although other paths are available), the Transmission Customer shall pay the Transmission Owner's rate for Firm Point-to-Point Service in accordance with this Schedule 7.

(J) For service where the generation source is outside the Transmission System, and the sink is within the "Super Region," but service is required through the Transmission System, then the applicable charge is \$0.

(K) For service where the generation source is outside the Transmission System and the sink is within the "Super Region," and service is scheduled through the Transmission System (although other paths are available), the Transmission Customer shall pay the Transmission Owner's rate for Firm Point-to-Point Service in accordance with this Schedule 7.

These charges are detailed on the Table for illustrative purposes.

Table

Source	Sink	Customer Pays	Base Transmission Rate Pancaking Today	Base Transmission Rate Pancaking Under RDMP
LG&E/KU	Midwest ISO/PJM	Midwest ISO/PJM applicable zonal transmission rate (at point-of-delivery)	No	No
Midwest ISO/PJM	LG&E/KU	LG&E/KU zonal rate	No	No
LG&E/KU	Control Area other than Midwest ISO or PJM (where no service involving Midwest ISO/PJM is required and withdrawal point is LG&E/KU-non-Super Region bus)	LG&E/KU zonal rate + applicable sink control area rate	Midwest ISO “out rate” applies + applicable non- Super Region sink control area rate	LG&E/KU zonal rate applies + applicable sink control area rate (LG&E/KU zonal rate “replaces” Midwest ISO “out” rate)
Control Area other than Midwest ISO or PJM (e.g., TVA)	LG&E/KU (where no service involving Midwest ISO/PJM is required, and injection point is LG&E/KU-non-Super Region bus)	Applicable control area rate + LG&E/KU zonal rate	Yes	Yes
LG&E/KU	Control Area other than Midwest ISO or PJM (where withdrawal point is Midwest ISO/PJM bus with non-Super Region control area that is not interconnected to LG&E, e.g., IMO)	Applicable non-Super Region control area sink rate + Midwest ISO “Through and Out” rate	No. Midwest ISO “through and out rate” applies	No. Midwest ISO “through and out rate” applies

Control Area other than Midwest ISO or PJM (e.g., IMO)	LG&E/KU (where service through Midwest ISO/PJM is required)	Applicable non-Super Region control area rates + LG&E/KU zonal rate	Yes	Yes
Control Area other than Midwest ISO or PJM (e.g., IMO)	Control Area other than Midwest ISO or PJM (where service through Midwest ISO/PJM is required and withdrawal point is LG&E/KU-non-Super Region bus)	Applicable non-Super Region control area rates + Midwest ISO "Through and Out" rate + LG&E/KU PTP rate	Midwest ISO "through and out rate" applies	Midwest ISO "through and out rate" and LG&E/KU zonal rate applies (to avoid gaming)
Midwest ISO/PJM	Control Area other than Midwest ISO or PJM requiring service through LG&E/KU (i.e., where non-LG&E/KU path is unavailable)	Applicable MISO/PJM Through and Out Rate	No	No
Midwest ISO/PJM	Control Area other than Midwest ISO or PJM that does not require service through LG&E/KU (i.e., where non-LG&E/KU path is available) but LG&E/KU path is still used	Applicable MISO/PJM Through and Out Rate + LG&E/KU PTP Rate	No	Yes, Customer has optional path where pancaking is not required. (prevents gaming)
Control Area other than Midwest ISO or PJM requiring service through LG&E/KU (i.e., where non-LG&E/KU path is	Midwest ISO/PJM	Midwest ISO/PJM applicable zonal PTP base transmission rate (at point-of-delivery)	No	No

unavailable)				
Control Area other than Midwest ISO or PJM that does not require service through LG&E/KU (<i>i.e.</i> , where non-LG&E/KU path is available) but LG&E/KU path is still used	Midwest ISO	Midwest ISO/PJM applicable zonal PTP base transmission rate (at point-of-delivery) + LG&E/KU PTP Rate	No	Yes, Customer has optional path where pancaking is not required. (prevents gaming)

(7) Reciprocity: Rates enumerated in Subsection (6) for Reciprocity Firm shall be applicable to the extent that the Transmission Owner is provided reciprocal service over MISO/PJM Systems.

(8) Expansion and Losses: Reciprocity Firm service transactions which are initiated after the effective date of this OATT shall be charged the costs of expansion (where applicable) and losses in accordance with Schedule 10.

SCHEDULE 8
Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Owner for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below in addition to other applicable charges specified in the Tariff.

(1) Rates: All effective rates under this Schedule shall be posted on the Transmission Owner's OASIS. The rates are calculated using the formula included in Attachment O, pages _ and _ except as provided in this Schedule 8. The rates will be recalculated each June 1 based on the prior calendar or fiscal year.

(2) Caps: The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the weekly rate times the highest amount in kilowatts of Reserved Capacity in any day during such week. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the daily rate times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the weekly rate above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

(3) Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Owner 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 Owner 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.

(4) Compliance With Agreements: If the Commission has allowed agreements to become effective which require a waiver of any of the charges under this Schedule, then such charges shall be waived.

(5) Credit for Charges During Transmission Loading Relief (TLR) Events: In the event that the Transmission Owner initiates Curtailment of confirmed Point-To-Point Transmission Service on the Transmission System due to a TLR event, credit will be given to the Transmission Customer(s) that are actually requested to curtail their energy schedules associated with the confirmed Point-To-Point Transmission Service. No credits will be given for: (1) TLR events external to the Transmission System; (2) Non-Firm Secondary Point-To-Point Transmission Service under a Firm Point-To-Point reservation; or, (3) Next-Hour Transmission Service.

Under no circumstances shall the amount credited exceed the amount the customer was actually curtailed nor will credit be given for any hours other than those in which the Curtailment was requested.

(6) Rates for Interzonal Service Between PJM Interconnection LLC, MISO, and LG&E/KU (“Reciprocity Non-Firm”): Subject to subsection 7, for service with sources or sinks on the Transmission System and sources or sinks within the PJM Interconnection LLC

and/or the Midwest ISO systems, the charges for service on the Transmission System shall be set in accordance with this paragraph 6, and the Table:

(A) For service where the generation source is within the Transmission System and the sink is within the MISO/PJM systems, the applicable charge is \$0.

(B) For service where the generation source is within the MISO/PJM systems and the sink is located within the Transmission System, the Transmission Customer shall pay the Transmission Owner's rate for Non-Firm Point-to-Point Service in accordance with Schedule 7.

(C) For service where the generation source is within the Transmission System, and the sink is in a control area outside the "Super Region" (MISO/PJM), the Transmission Customer shall pay the Transmission Owner's rate for Non-Firm Point-to-Point Service in accordance with this Schedule 8.

(D) For service where the generation source is outside "Super Region," and the sink is within the Transmission System, the Transmission Customer shall pay the Transmission Owner's rate for Non-Firm Point-to-Point Service in accordance with Schedule 8.

(E) For service where the generation source is within the Transmission System and the sink is in a control area outside the "Super Region," but the service is scheduled at an interface between the Transmission System and the MISO/PJM systems, the applicable charge is \$0.

(F) For service where the generation source is in a control area outside the "Super Region" and the Transmission System, and the sink is within the Transmission System, but the service is scheduled at an interface between the MISO/PJM systems and the Transmission

System, the Transmission Customer shall pay the Transmission Owner's rate for Non-Firm Point-to-Point Service in accordance with Schedule 8.

(G) For service where both the generation source and the load are located in control areas outside the "Super Region," but the service must traverse both the Transmission System and the MISO/PJM systems and is scheduled at an LG&E interface with control areas other than MISO/PJM, the Transmission Customer shall pay the Transmission Owner's rate for Non-Firm Point-to-Point Service in accordance with Schedule 8.

(H) For service where the generation source is within the "Super Region," and the sink is in a control area outside the Transmission System, but service is required through the Transmission System, then the applicable charge is \$0.

(I) For service where the generation source is within the "Super Region," and the sink is in a control area outside the Transmission System, and service is scheduled through the Transmission System (although other paths are available), the Transmission Customer shall pay the Transmission Owner's rate for Non-Firm Point-to-Point Service in accordance with Schedule 8.

(J) For service where the generation source is outside the Transmission System, and the sink is within the "Super Region," but service is required through the Transmission System, then the applicable charge is \$0.

(K) For service where the generation source is outside the Transmission System and the sink is within the "Super Region," and service is scheduled through the Transmission System

(although other paths are available), the Transmission Customer shall pay the Transmission Owner's rate for Non-Firm Point-to-Point Service in accordance with Schedule 8.

These charges are detailed on the Table for illustrative purposes.

Table

Source	Sink	Customer Pays	Base Transmission Rate Pancaking Today	Base Transmission Rate Pancaking Under RDMP
LG&E/KU	Midwest ISO/PJM	Midwest ISO/PJM applicable zonal transmission rate (at point-of-delivery)	No	No
Midwest ISO/PJM	LG&E/KU	LG&E/KU zonal rate	No	No
LG&E/KU	Control Area other than Midwest ISO or PJM (where no service involving Midwest ISO/PJM is required and withdrawal point is LG&E/KU-non-Super Region bus)	LG&E/KU zonal rate + applicable sink control area rate	Midwest ISO "out rate" applies + applicable non-Super Region sink control area rate	LG&E/KU zonal rate applies + applicable sink control area rate (LG&E/KU zonal rate "replaces" Midwest ISO "out" rate)
Control Area other than Midwest ISO or PJM (e.g., TVA)	LG&E/KU (where no service involving Midwest ISO/PJM is required, and injection point is LG&E/KU-non-Super Region bus)	Applicable control area rate + LG&E/KU zonal rate	Yes	Yes
LG&E/KU	Control Area other than Midwest ISO or PJM (where withdrawal point is Midwest ISO/PJM bus with non-Super Region control area that is not interconnected to LG&E, e.g., IMO)	Applicable non-Super Region control area sink rate + Midwest ISO "Through and Out" rate	No. Midwest ISO "through and out rate" applies	No. Midwest ISO "through and out rate" applies

Control Area other than Midwest ISO or PJM (e.g., IMO)	LG&E/KU (where service through Midwest ISO/PJM is required)	Applicable non-Super Region control area rates + LG&E/KU zonal rate	Yes	Yes
Control Area other than Midwest ISO or PJM (e.g., IMO)	Control Area other than Midwest ISO or PJM (where service through Midwest ISO/PJM is required and withdrawal point is LG&E/KU-non-Super Region bus)	Applicable non-Super Region control area rates + Midwest ISO "Through and Out" rate + LG&E/KU PTP rate	Midwest ISO "through and out rate" applies	Midwest ISO "through and out rate" and LG&E/KU zonal rate applies (to avoid gaming)
Midwest ISO/PJM	Control Area other than Midwest ISO or PJM requiring service through LG&E/KU (i.e., where non-LG&E/KU path is unavailable)	Applicable MISO/PJM Through and Out Rate	No	No
Midwest ISO/PJM	Control Area other than Midwest ISO or PJM that does not require service through LG&E/KU (i.e., where non-LG&E/KU path is available) but LG&E/KU path is still used	Applicable MISO/PJM Through and Out Rate + LG&E/KU PTP Rate	No	Yes, Customer has optional path where pancaking is not required. (prevents gaming)
Control Area other than Midwest ISO or PJM requiring service through LG&E/KU (i.e., where non-LG&E/KU path is	Midwest ISO/PJM	Midwest ISO/PJM applicable zonal PTP base transmission rate (at point-of-delivery)	No	No

unavailable)				
Control Area other than Midwest ISO or PJM that does not require service through LG&E/KU (<i>i.e.</i> , where non-LG&E/KU path is available) but LG&E/KU path is still used	Midwest ISO	Midwest ISO/PJM applicable zonal PTP base transmission rate (at point-of-delivery) + LG&E/KU PTP Rate	No	Yes, Customer has optional path where pancaking is not required. (prevents gaming)

(7) Reciprocity: Rates enumerated in Subection (6) for Reciprocity Non-Firm shall be applicable to the extent that the Transmission Owner is provided reciprocal service over MISO/PJM Systems.

(8) Expansion and Losses: Reciprocity Non-Firm service transactions which are initiated after the effective date of this OATT shall be charged losses in accordance with Schedule 10.

SCHEDULE 9
Network Integration Transmission Service

The Transmission Customer shall compensate the Transmission Owner for Network Integration Transmission Service at the applicable charges set forth below in addition to other applicable charges specified in the Tariff. The monthly rates are calculated using the formulas included in Attachment O. The initial rates will be calculated based on a prior full calendar or fiscal year period. However, if the initial rates are to take effect between January 1 and June 1 of a year, then the calendar or fiscal year used in determining the rates shall be the calendar year preceding the last calendar or fiscal year. These initial rates then would be recalculated effective on June 1 based on the prior full calendar or fiscal year.

Network Service Between MISO/PJM and LG&E: Arrangements for this service should be made between MISO/PJM, the ITO and the Transmission Owner.

SCHEDULE 10
Loss Compensation Service

Capacity and energy losses occur when a Transmission Owner delivers electricity across its transmission facilities for a Transmission Customer. A Transmission Customer may elect to (1) supply the capacity and/or energy necessary to compensate the Transmission Owner for such losses, (2) receive an amount of electricity at delivery points that is reduced by the amount of losses incurred by the Transmission Owner, or (3) with the concurrence of the Transmission Owner, have the Transmission Owner supply the capacity and/or energy necessary to condensate for such losses.

The loss factor used to determine the amount of losses associated with the use of facilities other than distribution facilities shall be three (3) percent. The Transmission Owner will determine such losses by dividing the sum of hourly energy scheduled to be delivered to the Transmission Customer's Points of Delivery by 0.97 less the amount scheduled to be delivered. Determination of losses to be supplied by the Transmission Customer by coincident schedules will be done on a daily basis for each schedule. However, in no event shall such determination result in the Transmission Owner being under compensated after any hour. If the Transmission Owner and Transmission Customer agree to have the Transmission Owner compensate for losses under option 3 above, the Transmission Customer shall be charged for Loss Compensation Service at a rate not to exceed 100 percent of the Transmission Owner's incremental cost to produce energy after serving all other obligations (including economy and opportunity transactions) and a Generation Capacity Loss Adder of \$.006 per kWh.

ATTACHMENT A
Form Of Service Agreement For Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between Louisville Gas & Electric Kentucky Utilities (LG&E/KU) acting by or through the ITO, established by LG&E/KU to which LG&E/KU have delegated the responsibility and authority to administer the Tariff, and _____ (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the ITO to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 The Transmission Customer has provided to the ITO an Application deposit in accordance with the provisions of Section 17.3 of the Tariff
- 4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 LG&E/KU 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.

ITO:

[_____

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.

ITO

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 ITO 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 B

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

- 1.0 This Service Agreement, dated as of _____ is entered into, by and between Louisville Gas & Electric/Kentucky Utilities (LG&E/KU) acting by or through the ITO, established by LG&E/KU to which LG&E/KU have delegated the responsibility and authority to administer the Tariff, and _____ (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the ITO 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 ITO upon request by an authorized representative of the Transmission Customer.
- 4.0 The Transmission Customer agrees to supply information the ITO deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 5.0 LG&E/KU agree 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.

ITO:

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.

ITO

By: _____
Name Title Date

Transmission Customer

By: _____
Name Title Date

Transmission Owner:

By: _____
Name Title Date

ATTACHMENT C
Methodology to Assess Available Transmission Capability

Available Transmission Capability (“ATC”) is the measure of the transfer capability remaining in the physical transmission network for further transmission service over and above committed uses. ATC is a function of variable and interdependent parameters that are highly dependent upon the conditions of the network, and as such, ATC may be a very dynamic quantity. As a result of the impact of conditions throughout the transmission system on ATC, the calculation also is highly dependent on the availability of complete and accurate transmission system data.

To determine ATC, the ITO shall utilize current operating and planning studies, procedures, processes, documents and models to calculate Total Transfer Capability (“TTC”). The TTC computation produces transfer values on the basis of system conditions, critical contingencies, system limits such as thermal, voltage and stability limits, parallel path flows and non-simultaneous and simultaneous transfers. After determining a TTC value, the ITO shall subtract from that amount the amount of transfer capability to ensure the secure operation of the network to accommodate uncertainties in system conditions (i.e., Transmission Reliability Margin). The ITO also will subtract existing transmission commitments, including the amount of transfer capability to ensure access to generation from interconnected systems to meet generation reliability requirements (i.e., Capacity Benefit Margin).

Procedures and methodologies to calculate ATC continue to evolve. The ITO will participate actively with the other appropriate reliability authorities to implement the NERC Security Process Task Force recommendations. The ITO shall make use of the Information

Sharing Network (“ISN”) contemplated by the NERC Security Process Task Force to improve
the accuracy of the ATC calculation.

ATTACHMENT D
Methodology for Completing a System Impact Study

The ITO will assess the capability of the Transmission Owner's transmission system in order to provide transmission service to a qualified requester. The ITO will make a non-discriminatory determination as to whether sufficient transfer capability exists to accommodate the request. If it is determined that a System Impact Study is required, the ITO will notify the requesting party and tender a System Impact Study Agreement.

The available point-to-point transfer capability will be the remaining transmission capability after accounting for the Transmission Owner's requirements to serve its Native Load Customers including adjustments for TRM and CBM and any other contractual commitments for Network Integration Service or Firm Point-to-Point Transmission Service agreements.

The ITO will adhere to Good Utility practice, NERC guidelines, and regional procedures and criteria when conducting the studies. In addition, the ITO will apply its own criteria, which are contained in the Transmission Owner's FERC 715 filing. These criteria will be used to evaluate the performance of the Transmission Owner's Transmission System. Unacceptable performance would consist of conditions such as transmission loading in excess of first contingency criteria, unacceptable voltage, or the loss of power system stability that would result in the cascading loss of generation or transmission lines.

In addition to the studies mentioned in the above, it may be necessary to perform System Impact Studies for seasonal load levels, off-peak load levels, and/or multi-year periods.

ATTACHMENT E
Index Of Existing Transmission Customers

#76047112, Customer IMEA, Source LGEE, Sink Illinois Power(MISO IP),Start 10/1/2004, End 3/1/2023, 62 MW

#75230122, Customer IMEA, Source LGEE, Sink Illinois Power(MISO IP),Start 1/1/2007, End 1/1/2020, 91 MW

ATTACHMENT F
Service Agreement for Network Integration Transmission Service

This Service Agreement, made and entered into this ____day of _____, 20____, is by and between Louisville Gas & Electric/Kentucky Utilities (“LG&E/KU” or “Transmission Owner”) acting by or through the ITO, established by LG&E/KU to which LG&E/KU have delegated the responsibility and authority to administer the Tariff, and _____ (“Transmission Customer”).

ITO will make available to Transmission Customer the Network Integration Transmission Service identified in Transmission Owner’s Transmission Service Tariff (hereinafter referred to as the Tariff). ITO and Transmission Customer agree to all terms and conditions set forth in the Tariff as may be in effect from time to time. Transmission Customer must fulfill requirements outlined in Section 30.1, Conditions Precedent for Receiving Service.

Any notice or request made to or by ITO or Transmission Customer regarding this Service Agreement shall be made in writing and shall be telecommunicated or delivered either in person or by prepaid mail to the representative of the other party as indicated below. Such representative and address for notices or requests may be changed from time to time by notice by one party to the other.

Service under this Service Agreement shall commence on the later of: (1) _____, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this Service Agreement shall terminate on _____.

ITO:

TRANSMISSION CUSTOMER:

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

ITO:

By: _____
Name Title Date

Transmission Customer:

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

Effective On Transmission
Owner’s Exit from the
Midwest ISO

By: _____
Name Title Date

Transmission Owner:

By: _____
Name Title Date

SPECIFICATIONS FOR NETWORK INTEGRATION TRANSMISSION SERVICE

1.0 Term of Network Service: _____
Start Date: _____
Termination Date: _____

2.0 Description of capacity and/or energy to be transmitted by Independent Transmission Organization across the Transmission Owner's Transmission System (including electric control area in which the transaction originates).

3.0 Network Resources

(1) Transmission Customer Generation Owned:

Resource Capacity Designated as Network Resource

(2) Transmission Customer Generation Purchased:

Source Capacity

Total Network Resources: (1) + (2) = _____

4.0 Network Load

Transmission Customer Loads:

<u>Transmission Voltage Location</u>	<u>Level</u>	<u>Total MWs</u>	<u>Interruptible MWs</u>
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Total MWs: _____

Total Interruptible MWs: _____

5.0 Designation of party subject to reciprocal service obligation:

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

6.1 Load Ratio Share of Annual Transmission Revenue Requirement:

6.2 Facilities Study Charge:

6.3 Direct Assignment Facilities Charge:

6.4 Ancillary Services Charge:

6.5 Redispatch Charges:

ATTACHMENT G
Network Operating Agreement

This agreement, made and entered into this _____ day of _____, and effective as of _____ by and between Louisville Gas & Electric/Kentucky Utilities (“LG&E/KU” or “Transmission Owner”) acting by or through the Independent Transmission Organization, established by LG&E/KU to which LG&E/KU have delegated the responsibility and authority to administer the Tariff, and _____ (“Transmission Customer”).

The Parties agree that the provisions of this Network Operating Agreement and the Network Integration Transmission Service Agreement govern the provision of transmission services in accordance with the Open Access Transmission Tariff (“Tariff”) as it may be amended from time to time.

This Network Operating Agreement defines the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of the Tariff. Both Parties shall (i) operate and maintain equipment necessary for integrating the Network Customer within LG&E/KU’s Transmission System (including, but not limited to, remote terminal units (RTU’s), metering, communications equipment and relaying equipment) according to Good Utility Practice. In furtherance of this requirement, the Parties agree the following listed items shall apply to service hereunder: RTU’s: _____, Metering: _____, Communications Equipment: _____, Relaying Equipment: _____, Other: _____

The Operating Committee shall consist of one representative and an alternate representative of each Party. The duties of the Operating Committee shall include the following:

- (a) Establish procedures and rules for making the billing computations, and be responsible for the making of such computations;
- (b) Establish appropriate procedures in order to carry out the requirements of North American Electric Reliability Council (NERC) and the East Central Area Reliability Coordination Agreement (ECAR); and
- (c) Assemble and exchange information necessary for transmission planning.

If the Operating Committee is unable to agree unanimously on a matter coming under its jurisdiction, such matter may, if mutually agreed to by both Parties, be resolved by arbitration under the Kentucky Uniform Arbitration Act as amended.

Redispatch Procedures shall include the following:

- (a) If the Control Area operator, determines that redispatching resources (including reductions in off-system purchases and sales) to relieve an existing or potential transmission constraint is the most effective way to ensure the reliable operation of the Transmission System, the Control Area operator will redispatch Network Resources and the Transmission Owner's own resources on a least-cost basis, without regard to the ownership of such resources. The Control Area will apprise the Network Customer of its redispatch practices and procedures, as they may be modified from time to time.
- (b) The Network Customer will submit verifiable cost data for its resources, which estimates the cost to the Network Customer of changing the generation output of each of its Network Resources, to the ITO. This cost data will be used, along with similar data for the Transmission Owner's resources, as the basis for least-cost redispatch. The Transmission Owner's bulk power operations personnel will keep this data confidential, and will not disclose it to the Transmission Owner's marketing personnel. If the Network Customer experiences changes to its costs, the Network Customer will submit those changes to the ITO. Based on this information, the Control Area will implement least-cost redispatch consistent with existing contractual obligations and current practices and procedures applicable to the Transmission Owner's resources. The Network Customer shall respond immediately to requests for redispatch from the Control Area.
- (c) The Network Customer may audit, at its own expense, redispatch events (such as the cause or necessity of the redispatch) during normal business hours following reasonable notice to the ITO. The Network Customer, Transmission Owner, and ITO may request an audit of the Transmission Owner and/or Network Customer's cost data. Any audit of cost data will be performed by an additional independent agent at the requesting party's cost. Such independent agent will be a nationally recognized accounting firm and will be required to keep all cost data confidential.
- (d) Once redispatch has been implemented, the Transmission Owner will book in a separate account the redispatch costs incurred by the Transmission Owner and the Network Customer based on the submitted cost data. The Transmission Owner and the Network Customer will each bear a proportional share of the total redispatch costs based on their then-current Load Ratio Shares. The redispatch charge or credit, as appropriate, will be reflected on the Network Customer's monthly bill.

Metering requirements shall include the following:

- (a) The Network Customer will be responsible for the purchase, installation, operation, maintenance, repair and replacement of all metering equipment necessary to provide Network Integration Service. All metering equipment of the Network Customer shall conform to Good Utility Practice and the standards and practices of the Transmission Owner's Control Area. Prior to its installation, the ITO and the Network Customer shall review the metering equipment to ensure conformance with such standards or practices.
- (b) Electric capacity and energy received by the Transmission Owner from the Network Customer will be measured by meters installed at the Network Customer's Network Resources. When measurement is made at any location other than a point of receipt, suitable adjustment for losses between the point of measurement and the point of receipt will be agreed upon in writing between the parties hereto and will be applied to all measurements so made. Metered receipts used in billing and accounting hereunder will in all cases include adjustments for such losses.
- (c) Electric capacity and energy delivered to the Network Customer's Network Loads by the Transmission Owner will be measured by meters installed at the delivery point to such Network Loads. When measurement is made at any location other than a point of delivery, suitable adjustment for losses between the point of measurement and the point of delivery will be agreed upon in writing between the parties hereto and will be applied to all measurements so made. Metered receipts used in billing and accounting hereunder will in all cases include adjustments for such losses.
- (d) Meters at the Network Customer's Network Resources and Network Loads will be tested at least biennially. Representatives of the ITO and Transmission Owner will be afforded an opportunity to witness such tests.
- (e) The Network Customer will, upon request of the ITO, test any meter at its Network Resources or Network Loads used for determining the receipt or delivery of capacity and energy by the Transmission Owner. In the event the test shows the meter to be inaccurate, the Network Customer will make any necessary adjustments, repairs or replacements thereon as soon as practicable.
- (f) In the event any meter used to measure capacity and energy fails to register or is found to be inaccurate, appropriate billing adjustments, based on the best information available, will be agreed upon by the parties hereto. Any meter tested and found to be not more than one (1) percent above or below normal will be

considered to be correct and accurate insofar as correction of billing is concerned. If, as a result of any test, a meter is found to register in excess of one (1) percent either above or below normal, then the reading of such meter previously taken will be corrected according to the percentage of inaccuracy so found, but no correction will extend beyond ninety (90) days previous to the day on which inaccuracy is discovered by such test.

- (g) The Transmission Owner will have the right to install suitable metering equipment at any point(s) of receipt or delivery, as herein provided for the purpose of checking the meters installed by the Network Customer.
- (h) The Network Customer will read the meters owned by it, except as may be mutually agreed, and will furnish to the ITO all meter readings and other information required for operations and for billing purposes. Such information will remain available to the ITO and Transmission Owner for three (3) years.

Control Area and Data Equipment requirements shall include the following:

- (a) The Network Customer will be responsible for the purchase, installation, operation, maintenance, repair and replacement of all data acquisition equipment, metering equipment, protection equipment, and any other associated equipment and software, which may be required by either party for the Network Customer to operate in accordance with Section 1.0 of this NOA. Such equipment shall conform to Good Utility Practice and the standards and practices of the Transmission Owner's Control Area. Prior to its installation, the ITO and the Network Customer shall review the equipment and software required by this Section to ensure conformance with such standards or practices.
- (b) The Transmission Owner, using reasonable discretion, shall select the real time telemetry and data to be received by the Transmission Owner and the Network Customer as deemed necessary for reliability, security, economics, and/or monitoring of system operations. This telemetry includes, but is not limited to, loads, line flows, voltages, generator output, and breaker status at any of the Network Customer's transmission facilities. To the extent telemetry is required that is not available, the Network Customer shall, at its own expense, install any metering equipment, data acquisition equipment, or other equipment and software necessary for the telemetry to be received by the Transmission Owner. The Transmission Owner shall consult with the Control Area Operator regarding the necessary data and telemetry needed for reliability, security, economics, and/or monitoring of system operations.

- (c) Each party shall be responsible for implementing any computer modifications or changes required to their own computer system(s) as necessary to implement this Section.

Operating Requirements shall include the following:

- (a) The Network Customer shall operate its generating resources in a manner consistent with that of the Transmission Owner, following voltage schedules, free governor response, meeting power factor requirements at the point of interconnection with the Transmission Owner's system, and other such criteria required by NERC, SERC and VACAR and consistently adhered to by the Transmission Owner.
- (b) Insofar as practicable, the Transmission Owner and the Network Customer shall protect, operate, and maintain their respective systems so as to avoid or minimize the likelihood of disturbances which might cause impairment of service on the system(s) of the other. The parties shall implement load shedding programs to maintain the reliability and integrity of the Transmission Systems, as provided in Section 34.6 of the Tariff. Load shedding shall include: (1) automatic load shedding by underfrequency relay or (2) manual load shedding. The Transmission Owner will implement load shedding to maintain the relative sizes of load served, unless otherwise required by circumstances beyond the control of the Transmission Owner or the Network Customer. Automatic load shedding devices will operate without notice. When manual load shedding is necessary, the Transmission Owner shall notify the Network Customer's dispatchers or schedulers of the required action and the Network Customer shall comply immediately.
- (c) The Network Customer shall, at its own expense, provide, operate, and maintain in service high-speed, under frequency load shedding equipment. The Network Customer will install underfrequency relays to disconnect automatically approximately thirty percent (30%) of its Network Load in a manner consistent with that followed by the Transmission Owner, which is three steps of approximately ten percent (10%) each at frequency set points of 59.3 Hertz, 59.0 Hertz and 58.5 Hertz. The installation of underfrequency relays to accomplish any additional load shedding above that already installed shall be completed on a schedule agreed to by the Network Operating Committee. The Network Operating Committee may review the amount of load that would be disconnected automatically and make such adjustments and changes as necessary.
- (d) In the event the Transmission Owner modifies the load shedding system, the Network Customer shall, at its expense, make changes to its equipment and setting of such

equipment, as required. The Network Customer shall test and inspect the load shedding equipment within ninety (90) days of taking Network Integration Transmission Service under the Tariff and thereafter in accordance with Good Utility Practice, and provide a written report to the Transmission Owner. The Transmission Owner may request a test of the load shedding equipment with reasonable notice.

Operational Information

The Network Customer shall provide data needed for the safe and reliable operation of the Network Customer's and the Control Area and to implement the provisions of the Tariff. The Transmission Owner will treat this information as confidential and will not divulge it to its marketing personnel.

- (a) The Network Customer shall provide by September 1st of each year the Customer's Network Resource availability forecast (e.g., all planned resource outages, including off-line and on-line dates) for the following year. Such forecast shall be made in accordance with Good Utility Practice. The Network Customer shall inform the Transmission Owner, in a timely manner, of any changes to the Network Customer's Network Resource availability forecast. In the event that the Transmission Owner determines that such forecast cannot be accommodated due to a transmission constraint on its Transmission System, and such constraint may jeopardize the security of the Transmission System or adversely affect the economic operation of either the Transmission Owner or the Network Customer, the provisions of Section 33 of the Tariff will be implemented.
- (b) The Network Customer shall provide, at least 36 hours in advance of every calendar day, the Network Customer's best forecast of any planned transmission or Network Resource outage(s) and other operating information that the ITO deems appropriate. In the event that such planned outages cannot be accommodated due to a transmission constraint on the Transmission Owner's Transmission System, the provisions of Section 34 of the Tariff will be implemented.
- (c) The Transmission Owner and the Network Customer shall notify and coordinate with the other party prior to the commencement of any work by either party (or contractors or agents performing on their behalf), which may directly or indirectly have an adverse effect on the Control Area of the other party.

Network Planning

In order for the Transmission Owner to plan, on an ongoing basis, to meet the Network Customer's requirements for Network Integration Transmission Service, the Network Customer shall provide to the ITO, by September 1st of each year, updated information (current year and 10-year projection) for Network Loads and Network Resources, as well as any other information reasonably necessary to plan for Network Integration Service. This type of information is consistent with the information requirements for planning to serve its Native Load Customers. The data will be provided in a format consistent with that used by the Transmission Owner and Reliability Coordinator.

Character of Service

Power and energy delivered under the Service Agreement and this NOA shall be delivered as three-phase alternating current at a frequency of approximately sixty (60) Hertz, and at the nominal voltages at the delivery and receipt points.

Transfer of Power and Energy Through Other Systems

Since the Transmission Owner's Transmission System is, and will be, directly and indirectly connected with other electric systems, it is recognized that, because of the physical and electrical characteristics of the facilities involved, power delivered under the Service Agreement and this NOA may flow through such other systems. The parties agree to advise other electric systems as deemed appropriate of such scheduled transfers and to attempt to maintain good relationships with affected third parties.

Notice

Any Notice or request made to or by either party regarding this NOA shall be made to the representative of the other party as indicated in the Service Agreement for Network Integration Transmission Service.

Incorporation

The Tariff and the Service Agreement are incorporated herein and made a part hereof.

Term

The term of this NOA shall be concurrent with the term of the Service Agreement between the parties.

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

ITO:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

Transmission Owner:

By: _____
Name Title Date

ATTACHMENT H
Reserved

ATTACHMENT I
Index Of Network Integration Transmission Service Customers

<u>Customer</u>	Date of <u>Service Agreement</u>
East Kentucky Power Cooperative -For the Long Run, Oxford, Southpoint and Gallatin Steel Delivery Points	Effective date of this Tariff
Hoosier Energy Rural Electric Cooperative – Bridgeport Delivery Point	Effective date of this Tariff
Louisville Gas & Electric Company/ Kentucky Utilities Company – All Delivery Points	Effective date of this Tariff

ATTACHMENT J

STANDARD LARGE GENERATOR

INTERCONNECTION PROCEDURES (LGIP)

including

STANDARD LARGE GENERATOR

INTERCONNECTION AGREEMENT (LGIA)

(Applicable to Generating Facilities that exceed 20 MW)

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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 (LGIA)

Section 1. Definitions

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Transmission Owner'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 Owner'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 ITO, Transmission Owner, 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 Owner'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 Owner'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 ITO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Owner's Transmission System, Transmission Owner's Interconnection Facilities or the electric systems of others to which the Transmission Owner'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 Owner's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Owner'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 Owner 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, ITO, Transmission Owner, 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.

Independent Transmission Organization: The entity (referred to herein as the "ITO") to which LG&E/KU have delegated the responsibility and authority to administer the Tariff. The

ITO controls the Transmission Owner's transmission facilities used for the transmission of electric energy in interstate commerce, and provides transmission service under the Tariff to Transmission Customers.

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 Owner's Interconnection Facilities to obtain back feed power.

Interconnection Customer shall mean any entity, including the ITO, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Owner'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 Owner's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Transmission Owner'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 Owner'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 ITO or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Owner'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 Owner's Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 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 Owner's Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Owner's Transmission System.

Interconnection Service shall mean the service provided by the ITO or the Transmission Owner associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Owner'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 Owner'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 Owner'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, the Transmission Owner, and the ITO 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 Owner's Transmission System (1) in a manner comparable to that in which the Transmission Owner 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 Owner's Transmission System required at or beyond the point at which the

Interconnection Facilities connect to the Transmission Owner's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Owner'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 ITO, 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 Owner'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 Owner'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 ITO.

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.

Reliability Coordinator shall mean the party charged with providing reliability coordination service for the Transmission Owner's system in accordance with Attachment L hereto.

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and ITO 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 Owner 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 Owner'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 Owner's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Owner'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 Owner's Transmission System or on other delivery systems or other generating systems to which the Transmission Owner's Transmission System is directly connected.

Tariff shall mean the Transmission Owner'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 LG&E/KU, the public utility operating companies which: (i) own the Transmission System; (ii) contract with the ITO to provide open access transmission service under the Tariff; (iii) conduct those functions specified herein necessary for

the ITO to provide open access transmission service under the Tariff; and (iv) receive payment for Transmission Service as provided for in the Tariff.

Transmission Owner's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by the Transmission Owner 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 Owner's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Transmission Owner's Control Area shall mean the Control Area as formally designated as Transmission Owner's Control Area under the Midwest Independent System Operator's tariff.

Transmission System shall mean the facilities owned and operated by the Transmission Owner, and controlled by the ITO to the extent and as provided for in the Transmission Owner's Tariff, that are used to provide transmission service under Part II and Part III of the Transmission Owner's Tariff.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Section 2. Scope and Application

2.1 Application of Standard Large Generator Interconnection Procedures.
Sections 2 through 13 apply to processing an Interconnection Request pertaining to a Large Generating Facility.

2.2 Comparability
ITO shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. ITO will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by Transmission Owner, its subsidiaries or Affiliates or others.

2.3 Base Case Data
ITO 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 13.1. ITO 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.

2.4 No Applicability to Transmission Service.

Nothing in this LGIP shall constitute a request for transmission service or confer upon an Interconnection Customer any right to receive transmission service.

Section 3. Interconnection Requests

3.1 General

An Interconnection Customer shall submit to ITO an Interconnection Request in the form of Appendix 1 to this LGIP and a refundable deposit of \$10,000. ITO 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, ITO 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.

3.2 Identification of Types of Interconnection Services.

At the time the Interconnection Request is submitted, Interconnection Customer must request either Energy Resource Interconnection Service or Network Resource Interconnection Service, as described; provided, however, any Interconnection Customer requesting Network Resource Interconnection Service may also request that it be concurrently studied for Energy Resource Interconnection Service, up to the point when an Interconnection Facility Study Agreement is executed. Interconnection Customer may then elect to proceed with

Network Resource Interconnection Service or to proceed under a lower level of interconnection service to the extent that only certain upgrades will be completed.

3.2.1 Energy Resource Interconnection Service

3.2.1.1 The Product.

Energy Resource Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Transmission System and be eligible to deliver the Large Generating Facility's output using the existing firm or non-firm capacity of the Transmission System on an "as available" basis. Energy Resource Interconnection Service does not in and of itself convey any right to deliver electricity to any specific customer or Point of Delivery.

3.2.1.2 The Study.

The study consists of short circuit/fault duty, steady state (thermal and voltage) and stability analyses. The short circuit/fault duty analysis would identify direct Interconnection Facilities required and the Network Upgrades necessary to address short circuit issues associated with the Interconnection Facilities. The stability and steady state studies would identify necessary upgrades to allow full output of the proposed Large Generating Facility and would also identify the maximum allowed output, at the time the study is performed, of the interconnecting Large Generating Facility without requiring additional Network Upgrades.

3.2.2 Network Resource Interconnection Service

3.2.2.1 The Product.

ITO must conduct the necessary studies in coordination with the Transmission Owner and the Transmission Owner must construct the Network Upgrades needed to integrate the Large Generating Facility (1) in a manner comparable to that in which Transmission Owner 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 Owner's Transmission System, and to be studied as a Network Resource on the assumption that such a designation will occur.

3.2.2.2 The Study.

The Interconnection Study for Network Resource Interconnection Service shall assure that Interconnection Customer's Large Generating Facility meets the requirements for Network Resource Interconnection Service and as a general matter, that such Large Generating Facility's interconnection is also studied with the 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 Owner's Transmission System, consistent with ITO's reliability criteria and procedures. This approach assumes that some portion of existing Network Resources is 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 ITO may also study the Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the ITO must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

3.3 Valid Interconnection Request.

3.3.1 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 3.3.3 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 process window for ITO's expansion planning period not to exceed seven years from the date the Interconnection Request is received by ITO, 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 ITO's planning period. The In-Service Date may succeed the date the Interconnection Request is received by ITO by a period up to ten years or longer where Interconnection Customer and ITO agree, such agreement not to be unreasonably withheld.

3.3.2 Acknowledgment of Interconnection Request.

ITO shall acknowledge receipt of the Interconnection Request within five (5) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgement.

3.3.3 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until all items in Section 3.3.1 have been received by ITO. If an Interconnection Request fails to meet the requirements set forth in Section 3.3.1, ITO 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 ITO the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such notice. Failure by Interconnection Customer to comply with this Section 3.3.3 shall be treated in accordance with Section 3.6.

3.3.4 Scoping Meeting.

Within ten (10) Business Days after receipt of a valid Interconnection Request, ITO 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. ITO 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. ITO 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 6.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

3.4 OASIS Posting.

ITO will maintain on the Transmission Owner's 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 of the Transmission Owner, the list will not disclose the identity of Interconnection Customer until Interconnection Customer executes an LGIA or requests that ITO file an unexecuted LGIA with FERC. Before holding a Scoping Meeting with an Affiliate of the Transmission Owner, ITO shall post on the Transmission Owner's OASIS an advance notice of its intent to do so. ITO shall post to the Transmission Owner's OASIS site any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to Transmission Owner's OASIS site subsequent to the meeting between Interconnection Customer and ITO to discuss the applicable study results. ITO shall also post any known deviations in the Large Generating Facility's In-Service Date.

3.5 Coordination with Affected Systems.

ITO 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. ITO will include such Affected System Operators in all meetings held with Interconnection Customer as required by this LGIP. Interconnection Customer will cooperate with ITO in all matters related to the conduct of studies and the determination of modifications to Affected Systems. Affected System Operators shall cooperate with the ITO in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

3.6 Withdrawal.

Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to ITO. In addition, if Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in Section 13.5 (Disputes), ITO 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 cure the deficiency or to notify ITO 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 ITO all costs that ITO prudently incurs with respect to that Interconnection Request prior to ITO's receipt of notice described above. Interconnection Customer must pay all monies due to ITO before it is allowed to obtain any Interconnection Study data or results. To the extent that Transmission Owner incurs costs as a result of Interconnection Customer's Interconnection Request, the ITO shall reimburse Transmission Owner from monies received from Interconnection Customer.

ITO shall (i) update the Transmission Owner's 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 ITO has

incurred, including interest calculated in accordance with 18 CFR § 35.19a(a)(2). In the event of such withdrawal, ITO, subject to the confidentiality provisions of Section 13.1, shall provide, at Interconnection Customer's request, all information that ITO developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

Section 4. Queue Position

4.1 General.

ITO shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and Interconnection Customer provides such information in accordance with Section 3.3.3, then ITO shall assign Interconnection Customer a Queue Position based on the date the application form was originally filed. Moving a Point of Interconnection shall result in a lowering of Queue Position if it is deemed a Material Modification under Section 4.4.3.

The Queue Position of each Interconnection Request will be used to determine the order of performing the Interconnection Studies and determination of cost responsibility for the facilities necessary to accommodate the Interconnection Request. A higher queued Interconnection Request is one that has been placed "earlier" in the queue in relation to another Interconnection Request that is lower queued.

ITO may allocate the cost of the common upgrades for clustered Interconnection Requests without regard to Queue Position.

4.2 Clustering.

At ITO'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 ITO 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 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. ITO 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 Owner's OASIS beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

4.3 Transferability of Queue Position.

An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change.

4.4 Modifications.

Interconnection Customer shall submit to ITO, in writing, modifications to any information provided in the Interconnection Request. Interconnection Customer shall retain its Queue Position if the modifications are in accordance with Sections 4.4.1, 4.4.2 or 4.4.5, or are determined not to be Material Modifications pursuant to Section 4.4.3.

Notwithstanding the above, during the course of the Interconnection Studies, either Interconnection Customer or ITO 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 ITO and Interconnection Customer, such acceptance not to be unreasonably withheld, ITO 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 6.4, Section 7.6 and Section 8.5 as applicable and Interconnection Customer shall retain its Queue Position.

4.4.1 Prior to the return of the executed Interconnection System Impact Study Agreement to ITO, 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.

- 4.4.2** Prior to the return of the executed Interconnection Facility Study Agreement to ITO, 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.
- 4.4.3** Prior to making any modification other than those specifically permitted by Sections 4.4.1, 4.4.2, and 4.4.5, Interconnection Customer may first request that ITO evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, ITO shall evaluate the proposed modifications prior to making them and inform Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except those deemed acceptable under Sections 4.4.1, 6.1, 7.2 or so allowed elsewhere, shall constitute a Material Modification. Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.
- 4.4.4** Upon receipt of Interconnection Customer's request for modification permitted under this Section 4.4, ITO shall commence and perform any necessary additional studies as soon as practicable, but in no event shall ITO commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. ITO shall also notify Transmission Owner of any request for modification within thirty (30) calendar days after receiving notice of Interconnection Customer's request. Any additional studies resulting from such modification shall be done at Interconnection Customer's cost.
- 4.4.5** Extensions of less than three (3) cumulative years in the Commercial Operation Date of the Large Generating Facility to which the

Interconnection Request relates are not material and should be handled through construction sequencing, to the extent practicable.

Section 5. Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Generator Interconnection Procedures

5.1 Queue Position for Pending Requests.

5.1.1 Any Interconnection Customer assigned a Queue Position prior to the effective date of this LGIP shall retain that Queue Position.

5.1.1.1 If an Interconnection Study Agreement has not been executed as of the effective date of this LGIP, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with this LGIP.

5.1.1.2 If an 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, ITO must offer Interconnection Customer the option of either continuing under ITO'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.

5.1.1.3 If an LGIA has been submitted to FERC for approval before the effective date of the LGIP, then the LGIA shall be grandfathered.

5.1.2 Transition Period.

To the extent necessary, ITO 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 ITO; (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 ITO to the extent consistent with the intent and process provided for under this LGIP.

5.2 New Independent Transmission Organization.

If Transmission Owner transfers control of its Transmission System to a successor ITO during the period when an Interconnection Request is pending, the original ITO shall transfer to the successor ITO 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 Provider, as appropriate. The original ITO shall coordinate with the successor ITO to complete any Interconnection Study, as appropriate, that the original ITO has begun but has not completed. If ITO 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 ITO.

Section 6. Interconnection Feasibility Study

6.1 Interconnection Feasibility Study Agreement.

Simultaneously with the acknowledgement of a valid Interconnection Request, ITO 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 ITO's receipt of such designation, ITO shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement signed by ITO, which includes a good faith estimate

of the cost for completing the Interconnection Feasibility Study. Interconnection Customer shall execute and deliver to ITO 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 ITO, Interconnection Customer shall provide the technical data called for in 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 ITO, 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 6.4 as applicable. For the purpose of this Section 6.1, if ITO 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 3.3.4, shall be the substitute.

If Interconnection Customer and ITO agree to forgo the Interconnection Feasibility Study, ITO will initiate an Interconnection System Impact Study under Section 7 of this LGIP and apply the \$10,000 deposit towards the Interconnection System Impact Study.

6.2 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.

6.3 Interconnection Feasibility Study Procedures.

ITO shall utilize existing studies to the extent practicable when it performs the study. ITO shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than forty-five (45) Calendar Days after ITO receives the fully executed Interconnection Feasibility Study Agreement. At the request of Interconnection Customer or at any time ITO determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, ITO shall notify Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If ITO is unable to complete the Interconnection Feasibility Study within that time period, it shall notify Interconnection Customer and Transmission Owner and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, ITO shall provide Interconnection Customer and Transmission Owner supporting documentation, workpapers and relevant power flow, short circuit and stability databases for the Interconnection Feasibility Study, subject to confidentiality arrangements consistent with Section 13.1. Such confidentiality arrangements are subject to review and approval of the Transmission Owner prior to release of any information pursuant to this section.

6.3.1 Meeting with ITO.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to Interconnection Customer, ITO, Interconnection Customer and Transmission Owner shall meet to discuss the results of the Interconnection Feasibility Study.

6.4 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 4.4, or re-designation of the Point of Interconnection pursuant to Section 6.1, ITO shall notify Interconnection Customer and Transmission Owner 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.

Section 7. Interconnection System Impact Study

7.1 Interconnection System Impact Study Agreement.

Unless otherwise agreed, pursuant to the Scoping Meeting provided in Section 3.3.4, simultaneously with the delivery of the Interconnection Feasibility Study to Interconnection Customer and Transmission Owner, ITO 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 ITO for the actual cost of the Interconnection System Impact Study. Within three (3) Business Days following the Interconnection Feasibility Study results meeting, ITO shall provide to Interconnection Customer and Transmission Owner a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study.

7.2 Execution of Interconnection System Impact Study Agreement.

Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement to ITO 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, ITO 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 Interconnection Customer, ITO, or Transmission Owner, and acceptable to the other parties, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and restudies shall be completed pursuant to Section 7.6 as applicable. For the purpose of this Section 7.2, if ITO 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 3.3.4, shall be the substitute.

7.3 Scope of Interconnection System Impact Study.

The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability of the Transmission System. The Interconnection System Impact Study will consider the Base Case as well as all generating facilities (and with respect to (iii) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date

the Interconnection System Impact Study is commenced: (i) are directly interconnected to the Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC.

The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, and a power flow analysis. The Interconnection System Impact Study will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study will provide a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

7.4 Interconnection System Impact Study Procedures

ITO shall coordinate the Interconnection System Impact Study with Transmission Owner and any Affected System that is affected by the Interconnection Request pursuant to Section 3.5 above. ITO shall utilize existing studies to the extent practicable when it performs the study. ITO 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 ITO uses Clustering, ITO 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 ITO determines that it will not meet the required time frame for completing the Interconnection System Impact Study, ITO shall notify Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If ITO is unable to complete the Interconnection System Impact Study within the time period, it shall notify Interconnection Customer and Transmission Owner and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, ITO shall provide Interconnection Customer or Transmission Owner all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study, subject to confidentiality arrangements consistent with Section 13.1.

7.5 Meeting with ITO.

Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, ITO, Transmission Owner and Interconnection Customer shall meet to discuss the results of the Interconnection System Impact Study.

7.6 Re-Study.

If Re-Study of the Interconnection System Impact Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to Section 4.4, or re-designation of the Point of Interconnection pursuant to Section 7.2 ITO shall notify Interconnection Customer and Transmission Owner 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.

Section 8. Interconnection Facilities Study

8.1 Interconnection Facilities Study Agreement.

Simultaneously with the delivery of the Interconnection System Impact Study to Interconnection Customer and Transmission Owner, ITO 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 ITO for the actual cost of the Interconnection Facilities Study. Within three (3) Business Days following the Interconnection System Impact Study results meeting, ITO 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 ITO 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.

8.1.1 ITO 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. ITO shall continue to hold the amounts on deposit until settlement of the final invoice. To the extent that

Transmission Owner incurs costs, the ITO shall reimburse Transmission Owner from monies received pursuant to this section.

8.2 Scope of Interconnection Facilities Study.

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Transmission System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Transmission Owner'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.

8.3 Interconnection Facilities Study Procedures.

ITO shall coordinate the Interconnection Facilities Study with any Affected System and Transmission Owner pursuant to Section 3.5 above. ITO shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. ITO shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to Interconnection Customer and Transmission Owner 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 ITO determines that it will not meet the required time frame for completing the Interconnection Facilities Study, ITO shall notify Interconnection Customer and Transmission Owner as to the schedule status of the Interconnection Facilities Study. If ITO 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 Transmission Owner and provide an estimated completion date and an explanation of the reasons why additional time is required.

Interconnection Customer or Transmission Owner may, within thirty (30) Calendar Days after receipt of the draft report, provide written comments to ITO, which ITO shall include in the final report. ITO shall issue the final Interconnection Facilities Study report to Interconnection Customer and

Transmission Owner 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. ITO may reasonably extend such fifteen-day period upon notice to Interconnection Customer if Interconnection Customer's comments require ITO to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, ITO shall provide Interconnection Customer and Transmission Owner supporting documentation, workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study, subject to confidentiality arrangements consistent with Section 13.1.

8.4 Meeting with ITO.

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, ITO, Interconnection Customer and Transmission Owner shall meet to discuss the results of the Interconnection Facilities Study.

8.5 Re-Study.

If Re-Study of the Interconnection Facilities Study is required due to a higher queued project dropping out of the queue or a modification of a higher queued project pursuant to Section 4.4, ITO shall so notify Interconnection Customer and Transmission Owner 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.

Section 9. Engineering & Procurement ('E&P') Agreement.

Prior to executing an LGIA, an Interconnection Customer may, in order to advance the implementation of its interconnection, request and ITO shall offer the Interconnection Customer, an E&P Agreement that authorizes ITO in coordination with Transmission Owner, to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. The E&P Agreement shall be between Interconnection Customer, ITO, and Transmission Owner. However, ITO 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, ITO or Transmission Owner may elect: (i) to take title to the equipment, in which event ITO or Transmission Owner 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) transfer title to and deliver such equipment to Interconnection Customer, in which event Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

Section 10. Optional Interconnection Study

10.1 Optional Interconnection Study Agreement.

On or after the date when Interconnection Customer receives Interconnection System Impact Study results, Interconnection Customer may request, and ITO shall perform a reasonable number of Optional Studies. The request shall describe the assumptions that Interconnection Customer wishes ITO to study within the scope described in Section 10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, ITO 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) ITO's estimate of the cost of the Optional Interconnection Study. To the extent known by ITO, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection Study or Transmission Owner. Notwithstanding the above, ITO 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 ITO.

10.2 Scope of Optional Interconnection Study.

The Optional Interconnection Study will consist of a sensitivity analysis based on the assumptions specified by Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify Transmission Owner'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. ITO shall use Reasonable Efforts to coordinate the study with any Affected Systems and the Transmission Owner that may be affected by the types of Interconnection Services that are being studied. ITO shall utilize existing studies to the extent practicable in conducting the Optional Interconnection Study.

10.3 Optional Interconnection Study Procedures.

The executed Optional Interconnection Study Agreement, the prepayment, and technical and other data called for therein must be provided to ITO within ten (10) Business Days of Interconnection Customer receipt of the Optional Interconnection Study Agreement. ITO 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 ITO is unable to complete the Optional Interconnection Study within such time period, it shall notify Interconnection Customer and Transmission Owner 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 ITO or refunded to Interconnection Customer, as appropriate. Upon request, in addition to furnishing copies of the draft and final versions of the Optional Studies, ITO shall provide Interconnection Customer or Transmission Owner supporting documentation and workpapers and databases or data developed in the preparation of the Optional Interconnection Study, subject to confidentiality arrangements consistent with Section 13.1.

Section 11. Standard Large Generator Interconnection Agreement (LGIA)

11.1 Tender.

Interconnection Customer and Transmission Owner 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, ITO shall tender a draft LGIA, together with draft appendices completed to the extent practicable. The draft LGIA shall be in the form of a FERC-approved standard form LGIA, which is in Appendix 6. Interconnection Customer shall execute and return the completed draft appendices within thirty (30) Calendar Days.

11.2 Negotiation.

Notwithstanding Section 11.1, at the request of Interconnection Customer ITO and Transmission Owner shall begin negotiations with Interconnection Customer concerning the appendices to the LGIA at any time after Interconnection Customer executes the Interconnection Facilities Study Agreement. ITO, Transmission Owner and Interconnection Customer shall negotiate concerning any disputed provisions of the appendices to the draft LGIA for not more than sixty (60) Calendar Days after tender of the final Interconnection Facilities Study Report. If Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft LGIA pursuant to Section 11.1 and request submission of the unexecuted LGIA with FERC or initiate Dispute Resolution procedures pursuant to Section 13.5. If Interconnection Customer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if Interconnection Customer has not executed the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to Section 13.5 within sixty (60) Calendar Days of tender of draft LGIA, it shall be deemed to have withdrawn its Interconnection Request. ITO shall provide to Interconnection Customer a final LGIA within fifteen (15) Business Days after the completion of the negotiation process.

11.3 Execution and Filing.

Within fifteen (15) Business Days after receipt of the final LGIA, Interconnection Customer shall provide ITO (A) reasonable evidence that continued Site Control or (B) posting of \$250,000, non-refundable additional security, which shall be applied toward future construction costs. At the same time, Interconnection Customer also shall provide reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at

Interconnection Customer election, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; or (v) application for an air, water, or land use permit.

Interconnection Customer shall either: (i) execute two originals of the tendered LGIA and return them to ITO; or (ii) request in writing that ITO 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, ITO shall file the LGIA with FERC, together with its explanation of any matters as to which Interconnection Customer and ITO and/or Transmission Owner disagree and support for the costs that ITO proposes to charge to Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by ITO and the Transmission Owner for the Interconnection Request. If the Parties agree to proceed with design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending FERC action.

11.4 Commencement of Interconnection Activities.

If Interconnection Customer executes the final LGIA, ITO, Transmission Owner 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, Transmission Owner and ITO shall promptly comply with the unexecuted LGIA, subject to modification by FERC.

Section 12. Construction of Transmission Owner's Interconnection Facilities and Network Upgrades

12.1 Schedule.

ITO and Interconnection Customer shall negotiate in good faith concerning a schedule for the construction of Transmission Owner's Interconnection Facilities and the Network Upgrades. Such schedule shall be coordinated with the Transmission Owner, taking reasonable account of outage schedules, prior-scheduled construction projects, and other necessary scheduling considerations.

12.2 Construction Sequencing.

12.2.1 General.

In general, the In-Service Date of an Interconnection Customers seeking interconnection to the Transmission System will determine the sequence of construction of Network Upgrades.

12.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than Interconnection Customer.

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that ITO 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, ITO, in coordination with Transmission Owner, will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that Interconnection Customer commits to pay ITO: (i) any associated expediting costs and (ii) the cost of such Network Upgrades.

ITO 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 ITO 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. ITO 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. ITO then shall refund to that entity the amount that it paid

for the Network Upgrades, in accordance with Article 11.4 of the LGIA.

12.2.3 Advancing Construction of Network Upgrades that are Part of an Expansion Plan of the ITO.

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that ITO 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 ITO involving Transmission Owner's facilities, in time to support such In-Service Date. Upon such request, ITO will use Reasonable Efforts, in coordination with Transmission Owner to advance the construction of such Network Upgrades to accommodate such request; provided that Interconnection Customer commits to pay ITO any associated expediting costs. Interconnection Customer shall be entitled to transmission credits, if any, for any expediting costs paid.

12.2.4 Amended Interconnection System Impact Study.

An Interconnection System Impact Study will be amended to determine the facilities necessary to support the requested In-Service Date. This amended study will include those transmission and Large Generating Facilities that are expected to be in service on or before the requested In-Service Date.

Section 13. Miscellaneous

13.1 Confidentiality.

Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of an LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this 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.

13.1.1 Scope.

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of the LGIA; or (6) is required, in accordance with Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

13.1.2 Release of Confidential Information.

Neither Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), employees, consultants, or to parties who may be or are considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 13.1.

13.1.3 Rights.

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to another Party. The disclosure by each Party another Party of Confidential Information shall not be deemed a waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

13.1.4 No Warranties.

By providing Confidential Information, no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to any other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

13.1.5 Standard of Care.

Parties shall use at least the same standard of care to protect Confidential Information received as used to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to another Party under these procedures or its regulatory requirements.

13.1.6 Order of Disclosure.

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires a Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide other Parties with prompt notice of such request(s) or requirement(s) so that the other Parties may seek an appropriate protective order or waive compliance with the terms of the LGIA. Notwithstanding the absence of a protective order or waiver, a Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

13.1.7 Remedies.

The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Section 13.1. Each Party accordingly agrees that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Section

13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Section 13.1, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 13.1.

13.1.8 Disclosure to FERC, its Staff, or a State.

Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 CFR section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 CFR section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party to the LGIA when its is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with applicable state rules and regulations.

13.1.9 Subject to the exception in Section 13.1.8, any information that a Party claims is competitively sensitive, commercial or financial information ("Confidential Information") shall not be disclosed by another Party to any person not employed or retained by such 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 or Reliability Coordinator. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

13.1.10 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

13.1.11 ITO shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time of Confidential Information is no longer needed.

13.2 Delegation of Responsibility.

ITO or Transmission Owner may use the services of subcontractors as it deems appropriate to perform its obligations under this LGIP. ITO and Transmission Owner shall remain primarily liable to Interconnection Customer for the performance of such subcontractors and compliance with its obligations of this LGIP. The subcontractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

13.3 Obligation for Study Costs.

ITO 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 therefor. ITO shall not be obligated to perform or continue to perform any studies unless Interconnection Customer has paid all undisputed amounts in compliance herewith. To the extent that Transmission Owner incurs costs as a result of an Interconnection Customer's

Interconnection Request, the ITO shall reimburse Transmission Owner from monies received from Interconnection Customer

13.4 Third Parties Conducting Studies.

If (i) at the time of the signing of an Interconnection Study Agreement there is disagreement as to the estimated time to complete an Interconnection Study, (ii) Interconnection Customer receives notice pursuant to Sections 6.3, 7.4 or 8.3 that ITO 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 6.3, 7.4 or 8.3 within the applicable timeframe for such Interconnection Study, then Interconnection Customer may require ITO to utilize a third party consultant reasonably acceptable to Interconnection Customer and ITO to perform such Interconnection Study under the direction of ITO. At other times, ITO 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 ITO after consultation with and consent of the Transmission Owner determines that doing so will help maintain or accelerate the study process for Interconnection Customer's pending Interconnection Request and not interfere with ITO'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, Transmission Owner and ITO shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. ITO shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Interconnection Request as soon as soon as practicable upon Interconnection Customer's request subject to the confidentiality provision in Section 13.1. In 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 ITO 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. ITO and Transmission Owner shall cooperate with such third party consultant and Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time. The third party consultant shall coordinate with the Transmission Owner to the same extent, and in the same manner, as required of the ITO under this agreement.

13.5 Disputes.

13.5.1 Submission.

In the event a Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

13.5.2 External Arbitration Procedures.

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 13, the terms of this Section 13 shall prevail.

13.5.3 Arbitration Decisions.

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify

the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the LGIA and LGIP and shall have no power to modify or change any provision of the LGIA and LGIP in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

13.5.4 Costs.

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

13.6 Local Furnishing Bonds.

13.6.1 Transmission Owners That Own Facilities Financed by Local Furnishing Bonds.

This provision is applicable only to a Transmission Owner 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, ITO 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 Owner's facilities that would be used in providing such Interconnection Service.

13.6.2 Alternative Procedures for Requesting Interconnection Service.

If ITO 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 Owner's Tariff.

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 the Transmission Owner's Transmission System pursuant to a Tariff.
2. This Interconnection Request is for (check one):
 A proposed new Large Generating Facility.
 An increase in the generating capacity or a Material Modification of an existing Generating Facility.
3. The type of interconnection service requested (check one):
 Energy Resource Interconnection Service
 Network Resource Interconnection Service
4. Check here only if Interconnection Customer requesting Network Resource Interconnection Service also seeks to have its Generating Facility studied for Energy Resource Interconnection Service
5. Interconnection Customer provides the following information:
 - a. Address or location of the proposed new Large Generating Facility site (to the extent known) or, in the case of an existing Generating Facility, the name and specific location of the existing Generating Facility;
 - b. Maximum summer at ____ degrees C and winter at ____ degrees C megawatt electrical output of the proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of an existing Generating Facility;
 - c. General description of the equipment configuration;
 - d. Commercial Operation Date (Day, Month, and Year);
 - e. Name, address, telephone number, and e-mail address of Interconnection Customer's contact person;
 - f. Approximate location of the proposed Point of Interconnection (optional); and
 - g. Interconnection Customer Data (set forth in Attachment A)

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 ITO]

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} _____	X'' _{qi} _____
Negative Sequence – saturated	X _{2v} _____	
Negative Sequence – unsaturated	X _{2i} _____	
Zero Sequence – saturated	X _{0v} _____	
Zero Sequence – unsaturated	X _{0i} _____	
Leakage Reactance	X _{lm} _____	

FIELD TIME CONSTANT DATA (SEC)

Open Circuit	T'_{do}	_____	T'_{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 setpoints for the protective equipment or software:

Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet or other compatible formats, such as IEEE and PTI power flow models, must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device, then they shall be provided and discussed at Scoping Meeting.

INDUCTION GENERATORS

- (*) Field Volts: _____
- (*) Field Amperes: _____
- (*) Motoring Power (kW): _____
- (*) Neutral Grounding Resistor (If Applicable): _____
- (*) 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 ITO 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 _____, ("ITO"). Interconnection Customer and ITO 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 ITO to perform an Interconnection Feasibility Study in coordination with Transmission Owner to assess the feasibility of interconnecting the proposed Large Generating Facility to the Transmission System of the Transmission Owner, and of any Affected Systems;

WHEREAS, ITO performs specified functions for the Transmission Owner;

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 Owner's FERC-approved LGIP.
- 2.0 Interconnection Customer elects and ITO and Transmission Owner shall cause to be performed an Interconnection Feasibility Study consistent with Section 6.0 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. ITO 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 3.3.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 3.3.4 of the LGIP, Interconnection Customer modifies its Interconnection Request pursuant to Section 4.4, 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 ITO 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 ITO and Transmission Owner]

By: _____ By: _____

Title: _____ Title: _____

Date: _____ 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 ITO]

**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,"), _____, a
_____ organized and existing under the laws of the State of _____
("Transmission Owner") and _____
a _____ existing under the laws of the State of _____, ("ITO ").
Interconnection Customer and ITO 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 Owner's Transmission System;

WHEREAS, ITO 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 ITO does not require the Interconnection Feasibility Study.) and Transmission Owner; and

WHEREAS, Interconnection Customer has requested ITO 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 the FERC-approved LGIP.
- 2.0 Interconnection Customer elects and ITO shall cause to be performed an Interconnection System Impact Study consistent with Section 7.0 of this LGIP in accordance with the Tariff.

- 3.0 The scope of the Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection System Impact Study will be based upon the 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 4.4 of the LGIP. ITO 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. ITO'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, ITO 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 ITO and Transmission Owner]

By: _____ By: _____
Title: _____ Title: _____
Date: _____ 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 4.4 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 ITO]

**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,"), _____, a
_____ organized and existing under the laws of the State of _____
("Transmission Owner") and _____
a _____ existing under the laws of the State of _____, ("ITO ").
Interconnection Customer and ITO 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, ITO has completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to Interconnection Customer and Transmission Owner; and

WHEREAS, Interconnection Customer has requested ITO 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 the FERC-approved LGIP.

- 2.0 Interconnection Customer elects and ITO shall cause an Interconnection Facilities Study consistent with Section 8.0 of this LGIP to be performed in accordance with the Tariff.
- 3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.
- 4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), schedule for required facilities to interconnect the Large Generating Facility to the Transmission System and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.
- 5.0 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.

ITO 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. ITO 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 ITO and Transmission Owner]

By: _____ By: _____

Title: _____ Title: _____

Date: _____ 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**

ITO 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 Owner 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,"), _____, a
_____ organized and existing under the laws of the State of _____
("Transmission Owner") and _____
a _____ existing under the laws of the State of _____, ("ITO ").
Interconnection Customer and ITO 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 ITO 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 ITO 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 the FERC-approved LGIP.
- 2.0 Interconnection Customer elects and ITO shall cause an Optional Interconnection Study consistent with Section 10.0 of this LGIP to be performed in accordance with the Tariff.
- 3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

- 4.0 The Optional Interconnection Study shall be performed solely for informational purposes.
- 5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify Transmission Owner'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. ITO's good faith estimate for the time of completion of the Optional Interconnection Study is [insert date].

Upon receipt of the Optional Interconnection Study, ITO 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 ITO and Transmission Owner]

By: _____ By: _____

Title: _____ Title: _____

Date: _____ Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

APPENDIX 6 TO THE LGIP

STANDARD LARGE GENERATOR

INTERCONNECTION AGREEMENT (LGIA)

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

Effective On Transmission
Owner's Exit from the
Midwest ISO

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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), _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Transmission Owner") and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("ITO and/or Transmission Owner"). Interconnection Customer, Transmission Owner and ITO each may be referred to as a "Party" or collectively as the "Parties."

Recitals

WHEREAS, ITO operates the Transmission Owner's 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 Owner and ITO have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility with the Transmission Owner's 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 Owner'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 Owner'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 ITO, Transmission Owner 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 Owner'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 Owner'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 the ITO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Owner's Transmission System, Transmission Owner's Interconnection Facilities or the electric systems of others to which the Transmission Owner'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 Owner's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Owner'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 Owner 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, ITO, Transmission Owner, 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.

Independent Transmission Organization shall mean the entity (referred to herein as the "ITO") to which LG&E/KU have delegated the responsibility and authority to administer the Tariff. The ITO controls the Transmission Owner's transmission facilities used for the

transmission of electric energy in interstate commerce, and provides transmission service under the Tariff to Transmission Customers.

ITO's Interconnection Facilities shall mean all facilities and equipment owned, controlled or operated by the ITO 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 Owner's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

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 Owner's Interconnection Facilities to obtain back feed power.

Interconnection Customer shall mean any entity, including the ITO, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Owner'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 Owner's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Transmission Owner'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 Owner'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 ITO or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Owner'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 Owner's Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 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 Owner's Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Owner's Transmission System.

Interconnection Service shall mean the service provided by the ITO associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Owner'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 Owner'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 Owner'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, Transmission Owner and the ITO 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 Owner's Transmission System (1) in a manner comparable to that in which the Transmission Owner 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 Owner's Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission Owner's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Owner'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 ITO, 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 Owner'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 Owner'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 ITO.

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.

Reliability Coordinator shall mean the party charged with providing reliability coordination service for the Transmission Owner's system in accordance with Attachment L hereto.

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and ITO 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 Owner 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 Owner'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 Owner's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Owner'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 Owner's Transmission System or on other delivery systems or

other generating systems to which the Transmission Owner's Transmission System is directly connected.

Tariff shall mean the Transmission Owner'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 LG&E/KU, the public utility operating companies which: (i) own the Transmission System; (ii) contract with the ITO to act as ITO under the Tariff; (iii) conduct those functions specified herein necessary for the ITO to provide open access transmission service under the Tariff; and (iv) receive payment for Transmission Service as provided for in the Tariff.

Transmission System shall mean the facilities owned and operated by the Transmission Owner, and controlled by the ITO to the extent and as provided for in this Tariff, that are used to provide transmission service under Part II and Part III of 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. ITO 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 ITO and Transmission Owner ninety (90) Calendar Days advance written notice, or by ITO notifying FERC after the Generating Facility permanently ceases Commercial Operation.

2.3.2 Default

Any 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 Parties, as of the date of the other Parties 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 Owner's Interconnection Facilities that have not yet been constructed or installed, Transmission Owner 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 Owner 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 Owner for any or all such costs of materials or equipment not taken by Interconnection Customer, Transmission Owner shall promptly refund such amounts to Interconnection Customer, less any costs, including penalties incurred by

Transmission Owner 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 Owner has incurred expenses and has not been reimbursed by Interconnection Customer.

2.4.2 Transmission Owner 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 Owner 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 a 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 another Party pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

Article 3. Regulatory Filings

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

Effective On Transmission
Owner's Exit from the
Midwest ISO

3.1 Filing

ITO 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 ITO with respect to such filing and to provide any information reasonably requested by ITO 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, ITO 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 Owner'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 Owner'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 Owner'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 Owner'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

ITO must conduct the necessary studies in coordination with the Transmission Owner and the Transmission Owner must construct the Network Upgrades needed to integrate the Large Generating Facility (1) in a manner comparable to that in which Transmission Owner 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, ITO

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 Owner'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 Owner'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 Owner's Transmission System without incurring congestion costs. In the event of transmission constraints on Transmission Owner's Transmission System, Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures in Transmission Owner'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 Owner 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 Owner'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 Owner's Transmission System, such request may require additional studies and upgrades in order for ITO to grant such request.

4.2 Provision of Service

ITO 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 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 Owner'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 Owner'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 Owner shall design, procure, and construct Transmission Owner's Interconnection Facilities and Network Upgrades, using Reasonable Efforts to complete Transmission Owner's Interconnection Facilities and Network Upgrades by the dates set forth in Appendix B, Milestones. Transmission Owner 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 Owner reasonably expects that it will not be able to complete Transmission Owner's Interconnection Facilities and Network Upgrades by the specified dates, Transmission Owner 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 ITO and the Transmission Owner, ITO shall so notify Interconnection Customer within thirty (30) Calendar Days, and Transmission Owner shall assume responsibility for the design, procurement and construction of Transmission Owner's Interconnection Facilities by the designated dates.

If Transmission Owner subsequently fails to complete Transmission Owner'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 Owner 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 ITO or Reliability Coordinator to install equipment.

5.1.3 Option to Build

If the dates designated by Interconnection Customer are not acceptable to ITO and Transmission Owner, ITO 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 Owner's Interconnection Facilities and Stand Alone

Network Upgrades on the dates specified in Article 5.1.2. ITO 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 Owner 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 Owner's Interconnection Facilities and Stand Alone Network Upgrades by Interconnection Customer) pursuant to which Transmission Owner is responsible for the design, procurement and construction of Transmission Owner's Interconnection Facilities and Network Upgrades. If the Parties are unable to reach agreement on such terms and conditions, Transmission Owner shall assume responsibility for the design, procurement and construction of Transmission Owner'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 Owner's Interconnection Facilities and Stand Alone Network Upgrades,

(1) Interconnection Customer shall engineer, procure equipment, and construct Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by ITO;

(2) Interconnection Customer's engineering, procurement and construction of Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of law to which Transmission Owner would be subject in the engineering, procurement or construction of Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(3) Transmission Owner shall review and approve the engineering design, equipment acceptance tests, and the construction of Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(4) prior to commencement of construction, Interconnection Customer shall provide to ITO and Transmission Owner with a schedule for construction of Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from ITO and Transmission Owner;

(5) at any time during construction, Transmission Owner shall have the right to gain unrestricted access to Transmission Owner'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 Owner's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by Transmission Owner, Interconnection Customer shall be obligated to remedy deficiencies in that portion of Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(7) Interconnection Customer shall indemnify Transmission Owner for claims arising from Interconnection Customer's construction of Transmission Owner'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 Owner's Interconnection Facilities and Stand Alone Network Upgrades to Transmission Owner;

(9) Unless Parties otherwise agree, Interconnection Customer shall transfer ownership of Transmission Owner's Interconnection Facilities and Stand-Alone Network Upgrades to Transmission Owner;

(10) Transmission Owner shall approve and accept for operation and maintenance Transmission Owner'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 Owner "as-built" drawings, information, and any other documents that are reasonably required by

Transmission Owner to assure that the Interconnection Facilities and Stand-Alone Network Upgrades are built to the standards and specifications required by Transmission Owner.

5.3 Liquidated Damages

The actual damages to Interconnection Customer, in the event Transmission Owner's Interconnection Facilities or Network Upgrades are not completed by the dates designated by Interconnection Customer and accepted by Transmission Owner 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 Owner to Interconnection Customer in the event that Transmission Owner does not complete any portion of Transmission Owner'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 Owner's Interconnection Facilities and Network Upgrades, in the aggregate, for which Transmission Owner 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 Owner's Interconnection Facilities and Network Upgrades for which Transmission Owner has assumed responsibility to design, procure, and construct. The foregoing payments will be made by Transmission Owner 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 Owner'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 Owner'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 Owner'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 Owner's delay; (2) Transmission Owner'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 Owner or any cause beyond Transmission Owner's reasonable control or reasonable ability to cure; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of Transmission Owner'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 Owner 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 the ITO. The requirements of this paragraph shall not apply to wind generators.

5.5 Equipment Procurement

If responsibility for construction of Transmission Owner's Interconnection Facilities or Network Upgrades is to be borne by Transmission Owner, then Transmission Owner shall commence design of Transmission Owner'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** ITO has completed the Facilities Study pursuant to the Facilities Study Agreement;
- 5.5.2** Transmission Owner 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 Owner in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

5.6 Construction Commencement

Transmission Owner shall commence construction of Transmission Owner'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 Owner's Interconnection Facilities and Network Upgrades;
- 5.6.3** ITO 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 ITO 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 Owner's Interconnection Facilities will not be required until after the specified In-Service Date, Interconnection Customer will provide written notice to Transmission Owner of such later date upon which the completion of Transmission Owner'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 Owner'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 Owner's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Large Generating Facility, ITO 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 Owner's Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable

Reliability Standards, Good Utility Practice, and this LGIA. Transmission Owner 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 Owner 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. ITO and Transmission Owner shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of ITO and Transmission Owner 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 ITO and Transmission Owner's Review

ITO and Transmission Owner'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 ITO and Transmission Owner, in accordance with Good Utility Practice, to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of ITO and Transmission Owner.

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 ITO and Transmission Owner "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 ITO and Transmission Owner 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 Owner's Interconnection Facilities Construction

Transmission Owner'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 Owner shall deliver to Interconnection Customer the following "as-built" drawings, information and documents for Transmission Owner's Interconnection Facilities [include appropriate drawings and relay diagrams].

ITO will obtain control of Transmission Owner'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 Owner's Interconnection Facilities and/or Network Upgrades is to be installed on property owned by persons other than Interconnection Customer or Transmission Owner, 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 Owner's Interconnection Facilities and/or Network Upgrades upon such property.

5.14 Permits

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 Owner shall provide permitting assistance to Interconnection Customer comparable to that provided to Transmission Owner's own, or an Affiliate's generation.

5.15 Early Construction of Base Case Facilities

Interconnection Customer may request Transmission Owner to construct, and Transmission Owner 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 Owner, to suspend at any time all work by Transmission Owner associated with the construction and installation of Transmission Owner'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 Owner's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Transmission Owner (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 Owner cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Transmission Owner shall obtain Interconnection Customer's authorization to do so.

ITO shall invoice Interconnection Customer for such costs pursuant to Article 12 and Transmission Owner shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Transmission Owner required under this LGIA pursuant to this Article 5.16, and has not requested Transmission Owner 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 Owner, 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 Owner for the installation of Transmission Owner'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 ITO for Transmission Owner'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 Owner'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 ITO's request, Interconnection Customer shall provide ITO with a report from an independent engineer confirming its representation in clause (iii), above. Transmission Owner represents and covenants that the cost of Transmission Owner'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 Owner

Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless Transmission Owner from the cost consequences of any current tax liability imposed against Transmission Owner as the result of payments or property transfers made by Interconnection Customer to Transmission Owner 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 Owner.

Transmission Owner 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 Owner has determined, in good faith, that the payments or property transfers made by Interconnection Customer to Transmission Owner should be reported as income subject to taxation or (ii) any Governmental Authority directs Transmission Owner to report payments or property as income subject to taxation; provided, however, that Transmission Owner may require Interconnection Customer to provide security for Interconnection Facilities, in a form reasonably acceptable to Transmission Owner (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 Owner 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 Owner 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 Owner 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 Owner, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on Transmission Owner ("Current Taxes") on the excess of (a) the gross income realized by Transmission Owner as a result of payments or property transfers made by Interconnection Customer to Transmission Owner 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 Owner 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 Owner's composite federal and state tax rates at the time the payments or property transfers are received and Transmission Owner 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 Owner's anticipated tax depreciation deductions as a result of such payments or property transfers by Transmission Owner'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: (Current Tax Rate x (Gross Income Amount –

Present Value of Tax Depreciation))/(1-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 Owner 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 Owner 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 Owner and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

Transmission Owner 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 Owner 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 Owner'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 Owner 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 Owner, 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 Owner's receipt of payments or property constitutes income that is subject to taxation, Transmission Owner 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 Owner may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, ITO 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 Owner 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 Owner 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 Owner on a periodic basis, as invoiced by Transmission Owner, Transmission Owner's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. At any time during the contest, Transmission Owner may agree to a settlement either with Interconnection Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by Transmission Owner, 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 ITO for the tax at issue in the contest.

5.17.8 Refund

In the event that (a) a private letter ruling is issued to ITO which holds that any amount paid or the value of any property transferred by

Interconnection Customer to Transmission Owner 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 Owner in good faith that any amount paid or the value of any property transferred by Interconnection Customer to Transmission Owner under the terms of this LGIA is not taxable to Transmission Owner, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to Transmission Owner are not subject to federal income tax, or (d) if Transmission Owner 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 Owner pursuant to this LGIA, Transmission Owner 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 Owner for such taxes which Transmission Owner 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 Owner refunds such payment to Interconnection Customer, and

(iii) with respect to any such taxes paid by Transmission Owner, any refund or credit Transmission Owner 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 Owner for such overpayment of taxes (including any reduction in interest otherwise payable by Transmission Owner to any Governmental Authority resulting from an offset or credit); provided, however, that Transmission Owner will remit such amount promptly to Interconnection Customer only after and to the extent that Transmission Owner has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to Transmission Owner'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 Owner may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Transmission Owner for which Interconnection Customer may be required to reimburse Transmission Owner under the terms of this LGIA. Interconnection Customer shall pay to Transmission Owner on a periodic basis, as invoiced by Transmission Owner, Transmission Owner's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and Transmission Owner 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 Owner 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 Owner.

5.18 Tax Status

Each Party shall cooperate with the other Parties to maintain the other Parties tax status. Nothing in this LGIA is intended to adversely affect any Transmission Owner'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

Each 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, ITO 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 Owner'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 Owner makes to Transmission Owner's Interconnection Facilities or the Transmission System to facilitate the interconnection of a third party to Transmission Owner's Interconnection Facilities or the Transmission System, or to provide transmission service to a third party under Transmission Owner'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 Owner shall test Transmission Owner'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 Parties in advance of its performance of tests of its Interconnection Facilities. The other Parties have the right, at their 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 another 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 another Party's System Protection Facilities and other protective equipment; and (iii) review another 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 Parties. 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, ITO 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 ITO's option, compensated to, the Point of Interconnection. ITO 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 Owner'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 ITO 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

ITO shall install, calibrate, and test revenue quality Metering Equipment in accordance with applicable ANSI standards.

7.4 Testing of Metering Equipment

ITO shall inspect and test all Transmission Owner-owned Metering Equipment upon installation and at least once every two (2) years thereafter. If requested to do so by Interconnection Customer, ITO shall, at Interconnection Customer's expense, inspect or test Metering Equipment more frequently than every two (2) years. ITO 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 Owner's failure to maintain, then ITO 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, ITO 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 ITO 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 Owner's Transmission System dispatcher or representative designated by ITO. 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 ITO 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 ITO. 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 ITO at Interconnection Customer's expense, to gather accumulated and

instantaneous data to be telemetered to the location(s) designated by ITO 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 ITO. Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by ITO.

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 ITO 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 ITO Obligations

ITO shall cause the Transmission System and Transmission Owner's Interconnection Facilities to be operated, maintained and controlled in a safe and

reliable manner and in accordance with this LGIA. ITO may provide operating instructions to Interconnection Customer consistent with this LGIA and ITO's operating protocols and procedures as they may change from time to time. ITO 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 Owner'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 ITO 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, ITO 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 Owner's voltage schedules shall treat all sources of reactive power in the Control Area in an equitable and not unduly discriminatory manner. ITO 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 ITO, 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

ITO is required to pay Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from the Large Generating Facility when ITO requests Interconnection Customer to operate its Large Generating Facility outside the range specified in Article 9.6.1, provided that if Transmission Owner pays its own or affiliated generators for reactive power service within the specified range, ITO 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 Parties remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Parties 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 Parties of such removal.

9.7.1.2 Outage Schedules

ITO shall post scheduled outages of the transmission facilities on the OASIS. Interconnection Customer shall submit its planned maintenance schedules for the Large Generating Facility to ITO for a minimum of a rolling twenty-four month period. Interconnection Customer shall update its planned maintenance schedules as necessary. ITO 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. ITO 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 Owner'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 another 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 Parties, 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, ITO may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect ITO'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, ITO or Reliability Coordinator 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, ITO or Reliability Coordinator shall notify Interconnection Customer in advance regarding the timing of such scheduling and further notify Interconnection Customer of the expected duration. ITO shall coordinate with Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to Interconnection Customer and ITO;

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 ITO 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 Owner shall install at Interconnection Customer's expense any System Protection Facilities that may be required on Transmission Owner'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 Owner'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

No 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 Parties a copy of its switching and tagging rules that are applicable to the other Parties 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 Owner'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 Owner, 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 Owner, 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 Owner'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 ITO Obligations

ITO shall maintain the Transmission System and Transmission Owner'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 Parties 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 Parties. Each Party shall provide advance notice to the other Parties 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 Owner'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 Owner's Interconnection Facilities

Transmission Owner or Transmission Owner shall design, procure, construct, install, own and/or control the Transmission Owner'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 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 Owner elects to fund the capital for the Network Upgrades, they shall be solely funded by Interconnection Customer.

11.4 Transmission Credits

11.4.1 Repayment of Amounts Advanced for Network Upgrades

Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to ITO 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 Owner'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 CFR § 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, ITO, and Affected System Operator may adopt any alternative payment schedule that is mutually agreeable so long as ITO 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 ITO 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, ITO 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 ITO provides, under the LGIA, for the repayment of amounts advanced to Affected System Operator for Network Upgrades, Interconnection Customer and Affected System Operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.

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

11.5 Provision of Security

At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of a Transmission Owner's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide ITO, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to ITO and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1. Such security for payment shall be in an amount sufficient to cover the costs for constructing, procuring and installing the applicable portion of Transmission Owner's Interconnection Facilities, Network Upgrades, or Distribution Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to ITO for these purposes.

In addition:

11.5.1 The guarantee must be made by an entity that meets the creditworthiness requirements of ITO, 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 ITO and must specify a reasonable expiration date.

11.5.3 The surety bond must be issued by an insurer reasonably acceptable to ITO and must specify a reasonable expiration date.

11.6 Interconnection Customer Compensation

If ITO 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, ITO 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 ITO 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, ITO 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

ITO 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

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

Effective On Transmission
Owner's Exit from the
Midwest ISO

12.1 General

Each Party shall submit to another 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 another 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 Owner's Interconnection Facilities and the Network Upgrades, ITO shall provide an invoice of the final cost of the construction of Transmission Owner'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. ITO 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 any 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 ITO and Interconnection Customer, ITO 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 ITO 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 ITO 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 ITO, 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 Owner'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 Reliability Coordinator, NERC, the Applicable Reliability Council, Applicable Laws and Regulations, and any emergency procedures agreed to by the Joint Operating Committee.

13.3 Notice

Reliability Coordinator shall notify Interconnection Customer promptly when it becomes aware of an Emergency Condition that affects Transmission Owner'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 ITO 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 Owner'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 Owner'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 ITO, 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 ITO or otherwise regarding the Transmission System.

13.5 Reliability Coordinator's Authority

13.5.1 General

Reliability Coordinator may take whatever actions or inactions with regard to the Transmission System or Transmission Owner'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 Owner's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

Reliability Coordinator shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Reliability Coordinator 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 Reliability Coordinator'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

Reliability Coordinator 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 Owner pursuant to Transmission Owner's Tariff. When ITO can schedule the reduction or disconnection in advance, ITO shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. ITO shall coordinate with Interconnection Customer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to Interconnection Customer and ITO. 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 Owner's Interconnection Facilities. ITO 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 a Party to another Party and any instrument required or permitted to be tendered or delivered by any 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.

Each 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 another 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 another 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 A 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 Parties 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 another 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 any 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 another 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 another 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 a Party only with the written consent of the other Parties; provided that each Party may assign this LGIA without the consent of another 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 ITO, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that Interconnection Customer will promptly notify ITO 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 ITO of the date and particulars of any such exercise of assignment right(s), including providing the ITO 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 ITO) 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 a Party, the other Parties 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

A Party shall not 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 Parties. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by a 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, none of the Parties makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, a Party does not obligates itself to provide any particular information or Confidential Information to another 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 any 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 Parties with prompt notice of such request(s) or requirement(s) so that the other Parties 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 another Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to another 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 another Party's Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Parties 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 Parties 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 Parties to this LGIA prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Parties 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 any 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.

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 another Party to any person not employed or retained by the other Parties, 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 Parties 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 Parties 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 Parties, 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 Parties. 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 Parties copies of any publicly available reports filed with any Governmental Authorities addressing such events.

Article 24. Information Requirements

24.1 Information Acquisition

ITO, in conjunction with the Transmission Owner, 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 ITO 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 ITO shall provide Interconnection Customer a status report on the construction and installation of Transmission Owner'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 ITO 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 ITO 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 ITO pursuant to the Interconnection Study Agreement between ITO and Interconnection Customer, then ITO will conduct appropriate studies to determine the impact on Transmission Owner's 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 ITO for each individual generating unit in a station.

Subsequent to the Operation Date, Interconnection Customer shall provide ITO any information changes due to equipment replacement, repair, or adjustment. ITO shall provide Interconnection Customer any information changes due to equipment replacement, repair or adjustment in the directly connected substation

or any adjacent Transmission Owner-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 Parties information that is in the possession of the disclosing Party and is necessary in order for the other Parties to: (i) verify the costs incurred by the disclosing Party for which the other Parties are 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 Parties 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 Parties, to audit at its own expense the other Party's accounts and records pertaining to each Party's performance or each Party's satisfaction of obligations under this LGIA. Such audit rights shall include audits of the other Party's costs, calculation of invoiced amounts, ITO's efforts to allocate responsibility for the provision of reactive support to the Transmission System, ITO'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 Owner's Interconnection Facilities and Network Upgrades shall be subject to audit for a period of twenty-four months following ITO'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 each 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 Parties 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 Parties 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 Parties 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 ITO and Transmission Owner 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 any 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 Parties 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 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 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, the ITO or the Interconnection Customer shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the

arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.

27.3 Arbitration Decisions

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this LGIA and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

27.4 Costs

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

Article 28. Representations, Warranties, and Covenants

28.1 General

Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing

Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.

28.1.2 Authority

Such Party has the right, power and authority to enter into this LGIA, to become a Party hereto and to perform its obligations hereunder. This LGIA is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

28.1.3 No Conflict

The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

28.1.4 Consent and Approval

Such Party has sought or obtained, or, in accordance with this LGIA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this LGIA, and it will provide to any Governmental Authority notice of any actions under this LGIA that are required by Applicable Laws and Regulations.

Article 29. Joint Operating Committee

29.1 Joint Operating Committee.

Except in the case of ISOs and RTOs, ITO 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 ITO shall each appoint one representative and one alternate to the Joint Operating Committee. Each Interconnection Customer shall notify ITO 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 each 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 Owner'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

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

Effective On Transmission
Owner's Exit from the
Midwest ISO

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 Owner. 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 Owner 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 any 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. A Party shall not have a 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 Parties.

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 ITO and Transmission Owner]

By: _____ By: _____

Title: _____ Title: _____

Date: _____ 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 Owner'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

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 ITO _____ Date _____

For the Transmission Owner _____ Date _____

For the Interconnection Customer _____ Date _____

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 public utilities, 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 ITO, Transmission Owner and Interconnection Customer.

[Date]

[ITO 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:

ITO:

[To be supplied.]

Transmission Owner:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Billings and Payments:

ITO:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Alternative Forms of Delivery of Notices (telephone, facsimile or email):

ITO:

The LG&E Companies
FERC Electric Tariff, First Rev. Vol. 1
[To be supplied.]

Original Sheet No. 316

Transmission Owner:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

Effective On Transmission
Owner's Exit from the
Midwest ISO

Appendix G to LGIA

Requirements of Generators Relying on Newer Technologies

ATTACHMENT K

**SMALL GENERATOR
INTERCONNECTION PROCEDURES (SGIP)**

AND

SMALL GENERATOR INTERCONNECTION AGREEMENT (SGIA)

(For Generating Facilities No Larger Than 20 MW)

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- Appendix 6 – Feasibility Study Agreement
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- Appendix 8 – Facilities Study Agreement
- Appendix 9 – Small Generator Interconnection Agreement ("SGIA")

Section 1. Application

1.1 Applicability

- 1.1.1** A request to interconnect a certified Small Generating Facility (See Appendices 3 and 4 for description of certification criteria) no larger than 2 MW shall be evaluated under the section 2 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 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 3 Study Process.
- 1.1.2** Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Appendix 1 or the body of these procedures.
- 1.1.3** Neither these procedures nor the requirements included hereunder apply to Small Generating Facilities interconnected or approved for interconnection prior to 60 Business Days after the effective date of these procedures.
- 1.1.4** Prior to submitting its Interconnection Request (Appendix 2), the Interconnection Customer may ask the Transmission Owner's Interconnection contact employee or office whether the proposed interconnection is subject to these procedures. The ITO shall respond within 15 Business Days.
- 1.1.5** Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Federal Energy Regulatory Commission expects all Transmission Providers, market participants, and Interconnection Customers interconnected with electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.
- 1.1.6** References in these procedures to interconnection agreement are to the Small Generator Interconnection Agreement (SGIA).

1.2 Pre-Application

The ITO 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 Owner'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 Owner's Transmission System, to the extent such provision does not violate confidentiality provisions of prior agreements or critical infrastructure requirements. The ITO shall comply with reasonable requests for such information.

1.3 Interconnection Request

The Interconnection Customer shall submit its Interconnection Request to the ITO, 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 ITO within three Business Days of receiving the Interconnection Request. The ITO 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 ITO 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 ITO.

1.4 Modification of the Interconnection Request

Any modification to machine data or equipment configuration or to the interconnection site of the Small Generating Facility not agreed to in writing by the ITO and the Interconnection Customer may be deemed a withdrawal of the Interconnection Request and may require submission of a new Interconnection

Request, unless proper notification of each Party by the other and a reasonable time to cure the problems created by the changes are undertaken.

1.5 Site Control

Documentation of site control must be submitted with the Interconnection Request. Site control may be demonstrated through:

1.5.1 Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generating Facility;

1.5.2 An option to purchase or acquire a leasehold site for such purpose; or

1.5.3 An exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the Interconnection Customer the right to possess or occupy a site for such purpose.

1.6 Queue Position

The ITO 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 ITO shall maintain a single queue per geographic region. At the ITO's option, Interconnection Requests may be studied serially or in clusters for the purpose of the system impact study.

1.7 Interconnection Requests Submitted Prior to the Effective Date of the SGIP

Nothing in this SGIP affects an Interconnection Customer's Queue Position assigned before the effective date of this SGIP. The Parties agree to complete work on any interconnection study agreement executed prior the effective date of this SGIP in accordance with the terms and conditions of that interconnection study agreement. Any new studies or other additional work will be completed pursuant to this SGIP.

Section 2. Fast Track Process

2.1 Applicability

The Fast Track Process is available to an Interconnection Customer proposing to interconnect its Small Generating Facility with the Transmission Owner'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 of these procedures, or the ITO has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

2.2 Initial Review

Within 15 Business Days after the ITO notifies the Interconnection Customer it has received a complete Interconnection Request, the ITO 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 ITO's determinations under the screens.

2.2.1 Screens

2.2.1.1 The proposed Small Generating Facility's Point of Interconnection must be on a portion of the Transmission Owner's Distribution System that is subject to the Tariff.

2.2.1.2 For interconnection of a proposed Small Generating Facility to a radial distribution circuit, the aggregated generation, including the proposed Small Generating Facility, on the circuit shall not exceed 15% of the line section annual peak load as most recently measured at the substation. A line section is that portion of a Transmission Owner's electric system connected to a customer bounded by automatic sectionalizing devices or the end of the distribution line.

2.2.1.3 For interconnection of a proposed Small Generating Facility to the load side of spot network protectors, the proposed Small Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed the smaller of 5% of a spot network's maximum load or 50 kW¹.

2.2.1.4 The proposed Small Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10% to the distribution circuit's maximum fault current at the

¹ A spot Network is a type of distribution system found within modern commercial buildings to provide high reliability of service to a single customer. (Standard Handbook for Electrical Engineers, 11th edition, Donald Fink, McGraw Hill Book Company)

point on the high voltage (primary) level nearest the proposed point of change of ownership.

2.2.1.5 The proposed Small Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or Interconnection Customer equipment on the system to exceed 87.5% of the short circuit interrupting capability; nor shall the interconnection proposed for a circuit that already exceeds 87.5% of the short circuit interrupting capability.

2.2.1.6 Using the table below, determine the type of interconnection to a primary distribution line. This screen includes a review of the type of electrical service provided to the Interconnecting Customer, including line configuration and the transformer connection to limit the potential for creating over-voltages on the Transmission Owner's electric power system due to a loss of ground during the operating time of any anti-islanding function.

Primary Distribution Line Type	Type of Interconnection to Primary Distribution Line	Result/Criteria
Three-phase, three wire	3-phase or single phase, phase-to-phase	Pass screen
Three-phase, four wire	Effectively-grounded 3 phase or Single-phase, line-to-neutral	Pass screen

2.2.1.7 If the proposed Small Generating Facility is to be interconnected on single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed Small Generating Facility, shall not exceed 20 kW.

2.2.1.8 If the proposed Small Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.

2.2.1.9 The Small Generating Facility, in aggregate with other generation interconnected to the transmission side of a substation transformer

feeding the circuit where the Small Generating Facility proposes to interconnect shall not exceed 10 MW in an area where there are known, or posted, transient stability limitations to generating units located in the general electrical vicinity (e.g., three or four transmission busses from the point of interconnection).

2.2.1.10 No construction of facilities by the Transmission Owner on its own system shall be required to accommodate the Small Generating Facility.

2.2.2 If the proposed interconnection passes the screens, the Interconnection Request shall be approved and the ITO will provide the Interconnection Customer an executable interconnection agreement within five Business Days after the determination.

2.2.3 If the proposed interconnection fails the screens, but the ITO determines that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the ITO shall provide the Interconnection Customer an executable interconnection agreement within five Business Days after the determination.

2.2.4 If the proposed interconnection fails the screens, but the ITO 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 ITO shall provide the Interconnection Customer with the opportunity to attend a customer options meeting.

2.3 Customer Options Meeting

If the ITO 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 ITO shall notify the Interconnection Customer and provide copies of all data and analyses underlying its conclusion. Within ten Business Days of the ITO's determination, the ITO shall offer to convene a customer options meeting with the ITO 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 ITO's determination, or at the customer options meeting, the ITO shall:

- 2.3.1** Offer to perform facility modifications or minor modifications to the Transmission Owner'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 Owner's electric system; or
- 2.3.2** Offer to perform a supplemental review if the ITO 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
- 2.3.3** Obtain the Interconnection Customer's agreement to continue evaluating the Interconnection Request under the section 3 Study Process.

2.4 Supplemental Review

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 ITO'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 ITO will return such excess within 20 Business Days of the invoice without interest.

- 2.4.1** Within ten Business Days following receipt of the deposit for a supplemental review, the ITO will determine if the Small Generating Facility can be interconnected safely and reliably.
 - 2.4.1.1** If so, the ITO shall forward an executable an interconnection agreement to the Interconnection Customer within five Business Days.
 - 2.4.1.2** 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 ITO 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.

2.4.1.3 If so, and minor modifications to the Transmission Owner'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 ITO 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.

2.4.1.4 If not, the Interconnection Request will continue to be evaluated under the section 3 Study Process.

Section 3. Study Process

3.1 Applicability

The Study Process shall be used by an Interconnection Customer proposing to interconnect its Small Generating Facility with the Transmission Owner'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.

3.2 Scoping Meeting

3.2.1 A scoping meeting will be held within ten Business Days after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. The ITO and the Interconnection Customer will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting.

3.2.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request. The Parties shall further discuss whether the ITO 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 ITO 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) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

- 3.2.3** The scoping meeting may be omitted by mutual agreement. In order to remain in consideration for interconnection, an Interconnection Customer who has requested a feasibility study must return the executed feasibility study agreement within 15 Business Days. If the Parties agree not to perform a feasibility study, the ITO shall provide the Interconnection Customer, no later than five Business Days after the scoping meeting, a system impact study agreement (Appendix 7) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

3.3 Feasibility Study

- 3.3.1** The feasibility study shall identify any potential adverse system impacts that would result from the interconnection of the Small Generating Facility.
- 3.3.2** A deposit of the lesser of 50 percent of the good faith estimated feasibility study costs or earnest money of \$1,000 may be required from the Interconnection Customer.
- 3.3.3** The scope of and cost responsibilities for the feasibility study are described in the attached feasibility study agreement.
- 3.3.4** If the feasibility study shows no potential for adverse system impacts, the ITO 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 ITO shall send the Interconnection Customer an executable interconnection agreement within five Business Days.
- 3.3.5** If the feasibility study shows the potential for adverse system impacts, the review process shall proceed to the appropriate system impact study(s).

3.4 System Impact Study

- 3.4.1** A system impact study shall identify and detail the electric system impacts that would result if the proposed Small Generating Facility were interconnected without project modifications or electric system modifications, focusing on the adverse system impacts identified in the feasibility study, or to study potential impacts, including but not limited to those identified in the scoping meeting. A system impact study shall evaluate the impact of the proposed interconnection on the reliability of the electric system.
- 3.4.2** If no transmission system impact study is required, but potential electric power Distribution System adverse system impacts are identified in the scoping meeting or shown in the feasibility study, a distribution system impact study must be performed. The ITO shall send the Interconnection Customer a distribution system impact study agreement within 15 Business Days of transmittal of the feasibility study report, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or following the scoping meeting if no feasibility study is to be performed.
- 3.4.3** In instances where the feasibility study or the distribution system impact study shows potential for transmission system adverse system impacts, within five Business Days following transmittal of the feasibility study report, the ITO shall send the Interconnection Customer a transmission system impact study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, if such a study is required.
- 3.4.4** If a transmission system impact study is not required, but electric power Distribution System adverse system impacts are shown by the feasibility study to be possible and no distribution system impact study has been conducted, the ITO shall send the Interconnection Customer a distribution system impact study agreement.
- 3.4.5** If the feasibility study shows no potential for transmission system or Distribution System adverse system impacts, the ITO shall send the Interconnection Customer either a facilities study agreement (Appendix 8), including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or an executable interconnection agreement, as applicable.

- 3.4.6** In order to remain under consideration for interconnection, the Interconnection Customer must return executed system impact study agreements, if applicable, within 30 Business Days.
- 3.4.7** A deposit of the good faith estimated costs for each system impact study may be required from the Interconnection Customer.
- 3.4.8** The scope of and cost responsibilities for a system impact study are described in the attached system impact study agreement.
- 3.4.9** Where transmission systems and Distribution Systems have separate owners, such as is the case with transmission-dependent utilities ("TDUs") – whether investor-owned or not – the Interconnection Customer may apply to the nearest public utility (Transmission Owner, Regional Transmission Operator, or Independent Transmission Provider) providing transmission service to the TDU to request project coordination. Affected Systems shall participate in the study and provide all information necessary to prepare the study.

3.5 Facilities Study

- 3.5.1** Once the required system impact study(s) is completed, a system impact study report shall be prepared and transmitted to the Interconnection Customer along with a facilities study agreement within five Business Days, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the facilities study. In the case where one or both impact studies are determined to be unnecessary, a notice of the fact shall be transmitted to the Interconnection Customer within the same timeframe.
- 3.5.2** In order to remain under consideration for interconnection, or, as appropriate, in the Transmission Owner's Interconnection queue, the Interconnection Customer must return the executed facilities study agreement or a request for an extension of time within 30 Business Days.
- 3.5.3** The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s).
- 3.5.4** Design for any required Interconnection Facilities and/or Upgrades shall be performed under the facilities study agreement. The ITO may contract

with consultants to perform activities required under the facilities study agreement. The Interconnection Customer and the ITO 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 ITO, 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 ITO shall make sufficient information available to the Interconnection Customer in accordance with confidentiality and critical infrastructure requirements to permit the Interconnection Customer to obtain an independent design and cost estimate for any necessary facilities.

- 3.5.5** A deposit of the good faith estimated costs for the facilities study may be required from the Interconnection Customer.
- 3.5.6** The scope of and cost responsibilities for the facilities study are described in the attached facilities study agreement.
- 3.5.7** Upon completion of the facilities study, and with the agreement of the Interconnection Customer to pay for Interconnection Facilities and Upgrades identified in the facilities study, the ITO shall provide the Interconnection Customer an executable interconnection agreement within five Business Days.

Section 4. Provisions that Apply to All Interconnection Requests

4.1 Reasonable Efforts

The ITO shall make reasonable efforts to meet all time frames provided in these procedures unless the ITO and the Interconnection Customer agree to a different schedule. If the ITO cannot meet a deadline provided herein, it shall notify the Interconnection Customer, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process.

4.2 Disputes

- 4.2.1** The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

- 4.2.2** In the event of a dispute, a Party shall provide the other Parties with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 4.2.3** If the dispute has not been resolved within two Business Days after receipt of the Notice, a Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.
- 4.2.4** The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.
- 4.2.5** Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.
- 4.2.6** If none of the Parties elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then a Party may exercise, whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

4.3 Interconnection Metering

Any metering necessitated by the use of the Small Generating Facility shall be installed at the Interconnection Customer's expense in accordance with Federal Energy Regulatory Commission, state or local regulatory requirements or the ITO's specifications.

4.4 Commissioning

Commissioning tests of the Interconnection Customer's installed equipment shall be performed pursuant to applicable codes and standards. The ITO must be given at least five Business Days written notice, or as otherwise mutually agreed to by the Parties, of the tests and may be present to witness the commissioning tests.

4.5 Confidentiality

- 4.5.1** Confidential information shall mean any confidential and/or proprietary information provided by one Party to another 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.

4.5.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Parties 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.

4.5.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from another Party as it employs to protect its own Confidential Information.

4.5.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

4.5.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to 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 Parties to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Parties to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in

a similar manner if consistent with the applicable state rules and regulations.

4.6 Comparability

The ITO shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this document. The ITO 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 Owner, its subsidiaries or affiliates, or others.

4.7 Record Retention

The ITO shall maintain for three years records, subject to audit, of all Interconnection Requests received under these procedures, the times required to complete Interconnection Request approvals and disapprovals, and justification for the actions taken on the Interconnection Requests.

4.8 Interconnection Agreement

After receiving an interconnection agreement from the ITO, the Interconnection Customer shall have 30 Business Days or another mutually agreeable timeframe to sign and return the interconnection agreement, or request that the ITO 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 ITO within 30 Business Days, the Interconnection Request shall be deemed withdrawn. After the interconnection agreement is signed by the Parties, the interconnection of the Small Generating Facility shall proceed under the provisions of the interconnection agreement.

4.9 Coordination with Affected Systems

The ITO 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 ITO 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 ITO in all matters related to the conduct of studies and the determination of modifications to Affected Systems. An ITO which may be an Affected System shall cooperate with the ITO with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

4.10 Capacity of the Small Generating Facility

- 4.10.1** If the Interconnection Request is for an increase in capacity for an existing Small Generating Facility, the Interconnection Request shall be evaluated on the basis of the new total capacity of the Small Generating Facility.
- 4.10.2** If the Interconnection Request is for a Small Generating Facility that includes multiple energy production devices at a site for which the Interconnection Customer seeks a single Point of Interconnection, the Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple devices.
- 4.10.3** The Interconnection Request shall be evaluated using the maximum rated capacity of the Small Generating Facility.

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 2 screens. The application process uses an all-in-one document that includes a simplified Interconnection Request, simplified procedures, and a brief set of terms and conditions. See SGIP Appendix 5.

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

Business Day – Monday through Friday, excluding Federal Holidays.

Distribution System – The Transmission Owner'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 Owner'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 2 screens, customer options meeting, and optional supplemental review.

Independent Transmission Organization – The entity (referred to herein as the “ITO”) to which LG&E/KU have delegated the responsibility and authority to administer the Tariff. The ITO controls the Transmission Owner's transmission facilities used for the transmission of electric energy in interstate commerce, and provides transmission service under the Tariff to Transmission Customers.

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

Interconnection Facilities – The Transmission Owner'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 Owner's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

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Issued On: October 7, 2005

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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 Owner'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 Owner's Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Transmission Owner's Transmission System to accommodate the interconnection with the Small Generating Facility to the Transmission Owner's Transmission System. Network Upgrades do not include Distribution Upgrades.

Party or Parties – The ITO, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Transmission Owner'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 ITO.

Reliability Coordinator – The party charged with providing reliability coordination service for the Transmission Owner's system in accordance with Attachment L hereto.

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 3 scoping meeting, feasibility study, system impact study, and facilities study.

Transmission Owner – LG&E/KU, the public utility operating companies which: (i) own the Transmission System; (ii) contract with the ITO to provide open access transmission service under the Tariff; (iii) conduct those functions specified herein necessary for the ITO to provide open access transmission service under the Tariff; and (iv) receive payment for Transmission Service as provided for in the Tariff.

Transmission System – The facilities owned and operated by the Transmission Owner, and controlled by the ITO to the extent and as provided for in this Tariff, that are used to provide transmission service under Part II and Part III of the Tariff.

Upgrades – The required additions and modifications to the Transmission Owner'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)**

ITO:

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.

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 ITO.

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 ITO 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)

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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 ITO]

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): _____

I²t 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 ITO 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, (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 ITO.
- 2.0 The ITO acknowledges to the Customer receipt of the Application within three Business Days of receipt.
- 3.0 The ITO 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 ITO 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 ITO has 15 Business Days to complete this process. Unless the ITO determines and demonstrates that the Small Generating Facility cannot be interconnected safely and reliably, the ITO approves the Application and returns it to the Customer. Note to Customer: Please check with the ITO before submitting the Application if disconnection equipment is required.
- 5.0 After installation, the Customer returns the Certificate of Completion to the ITO. Prior to parallel operation, the ITO 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 ITO notifies the Customer in writing that interconnection of the Small Generating Facility is authorized. If the witness test is not satisfactory, the ITO 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 ITO is obligated to complete this witness test within ten Business Days of the receipt of the Certificate of Completion. If the ITO 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 ITO, 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. 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 of the Small Generator Interconnection Procedures (SGIP), or the ITO 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 ITO 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.

ITO 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 ITO: _____

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):

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

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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 ITO 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 Transmission Owner'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 ITO 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 ITO, 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 ITO 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 ITO 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 ITO waives the right to inspect the Small Generating Facility.

2.4 The ITO 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 ITO 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 ITO shall provide reasonable notice to the Customer when possible prior to using its right of access.

5.0 Disconnection

The ITO 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 ITO 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 each agree to maintain commercially reasonable amounts of insurance.

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 ITO.

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 ITO 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 ITO.

**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,"), _____, a _____ organized and existing under the laws of the State of _____, ("Transmission Owner") and _____, a _____ existing under the laws of the State of _____, ("ITO"). Interconnection Customer, Transmission Owner and ITO 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 Owner's Transmission System; and

WHEREAS, Interconnection Customer has requested the ITO to perform a feasibility study to assess the feasibility of interconnecting the proposed Small Generating Facility with the Transmission Owner'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 ITO 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.

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

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- 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 ITO 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 ITO 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-bonding 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 ITO's actual costs, including any costs incurred by ITO or Transmission Owner with performing their respective functions for the study, 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 ITO shall refund such excess within 30 calendar days of the invoice without interest.

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 ITO]

[Insert name of Transmission Owner]

Signed _____

Signed _____

Name (Printed):

Name (Printed):

Title _____

Title _____

[Insert name of Interconnection Customer]

Signed _____

Name (Printed):

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 ITO.

**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,"), a _____ organized and existing under the laws of the State of _____, ("Transmission Owner") and _____, a _____ existing under the laws of the State of _____, ("ITO"). Interconnection Customer, Transmission Owner and ITO 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 Owner's Transmission System;

WHEREAS, the ITO 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 ITO to perform a system impact study(s) to assess the impact of interconnecting the Small Generating Facility with the Transmission Owner'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 ITO shall cause to be performed a system impact study(s) consistent with the standard Small Generator Interconnection Procedures

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

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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 ITO 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 ITO has 20 additional Business Days to complete a system impact study requiring review by Affected Systems.
- 8.0 If the ITO 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 Owner'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 Owner'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 ITO'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 ITO's actual costs, including any costs incurred by ITO or Transmission Owner with performing their functions for the study, 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 ITO shall refund such excess within 30 calendar days of the invoice without interest.

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 ITO]

[Insert name of Transmission Owner]

Signed _____

Signed _____

Name (Printed):

Name (Printed):

Title _____

Title _____

[Insert name of Interconnection Customer]

Signed _____

Name (Printed):

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 ITO.

**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,"),
_____ a _____
organized and existing under the laws of the State of _____,
("Transmission Owner") and _____,
a _____ existing under the laws of the State
of _____,
("ITO"). Interconnection Customer and ITO 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 Owner's Transmission System;

WHEREAS, the ITO 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 ITO 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 Owner'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 ITO 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 Owner'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 ITO 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 ITO's actual costs, including any costs incurred by ITO or Transmission Owner with performing their respective functions for the study, 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 ITO shall refund such excess within 30 calendar days of the invoice without interest.

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 ITO]

[Insert name of Transmission Owner]

Signed _____

Signed _____

Name (Printed):

Name (Printed):

Title _____

Title _____

[Insert name of Interconnection Customer]

Signed _____

Name (Printed):

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 Owner 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

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to Transmission Owner'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 ITO.

Is the Small Generating Facility located in Transmission Owner'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

Appendix 8 to SGIP

**SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)**

(For Generating Facilities No Larger Than 20 MW)

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The LG&E Companies
FERC Electric Tariff, First Rev. Vol. 1

Original Sheet No. 379

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Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

Effective On Transmission
Owner’s Exit from the
Midwest ISO

This Interconnection Agreement ("Agreement") is made and entered into this _____ day of _____, 20__, by _____

("ITO "), _____ ("Transmission Owner") and _____

("Interconnection Customer") each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

ITO Information

ITO: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Transmission Owner Information

Transmission Owner: _____
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.
- 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 Owner'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. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable Transmission Owner.
- 1.4** Nothing in this Agreement is intended to affect any other agreement between the ITO 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, in accordance with this Agreement, and with Good Utility Practice.
 - 1.5.3** The Transmission Owner 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 Owner or 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 Appendices 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 ITO and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Transmission Owner'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 Appendices to this Agreement.

1.5.6 The ITO 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 system operator for the Transmission Owner's Transmission System and; 2) the Operating Requirements set forth in Appendix E of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Transmission Owner's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Appendices B and C 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 ITO 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 ITO is required to pay the Interconnection Customer for reactive power that the Interconnection Customer provides or absorbs from the Small Generating Facility when the ITO requests the Interconnection Customer to operate its Small Generating Facility outside the range specified in article 1.8.1. In addition, if the ITO 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 Appendix A 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 ITO 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 ITO 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 ITO a written test report when such testing and inspection is completed.

- 2.1.2** The ITO 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 ITO 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 ITO shall use Reasonable Efforts to list applicable parallel operation requirements in Appendix E of this Agreement. Additionally, the ITO shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The ITO 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 Owner's Transmission System without prior written authorization of the ITO. The ITO will provide such authorization once the ITO 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 ITO 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 ITO 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 ITO 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 ITO 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 ITO 20 Business Days written notice.

3.3.2 Any 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 Owner's Transmission System. The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.

3.3.4 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 ITO, 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 Owner'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 Reliability Coordinator may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The ITO 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 ITO promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Transmission Owner's Transmission System or other 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 the Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The ITO may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the Transmission Owner's Transmission System when necessary for routine maintenance, construction, and repairs on the Transmission Owner's Transmission System. The ITO shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The ITO 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 ITO may suspend interconnection service to effect immediate repairs on the Transmission Owner's Transmission System. The ITO shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the ITO 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 ITO 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 Owner'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 ITO may disconnect the Small Generating Facility. The ITO 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 ITO 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 ITO'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 Owner'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 Appendix B of this Agreement. The ITO 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 ITO.

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 Owner's Interconnection Facilities.

4.2 Distribution Upgrades

The ITO shall design, procure, construct, install, and own the Distribution Upgrades described in Appendix F of this Agreement. If the ITO 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 ITO or the Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Appendix F of this Agreement. If the ITO and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the ITO 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 ITO 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 Owner'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 CFR § 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. The Interconnection Customer may assign such repayment rights to any person.

5.2.1.1 Notwithstanding the foregoing, the Interconnection Customer, the ITO, and Affected System operator may adopt any alternative payment schedule that is mutually agreeable so long as the ITO and Affected System operator 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 ITO or Affected System operator 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 ITO 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 ITO provides, under this Agreement, for the repayment of amounts advanced to Affected System operator 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 ITO 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 Owner's Interconnection Facilities and/or Upgrades described in the Appendices to this Agreement, the ITO 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 ITO for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the ITO shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the ITO within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the ITO 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 Appendix D 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 Parties 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 Appendix D. A 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 Owner's Interconnection Facilities and Upgrades, the Interconnection Customer shall

provide the ITO, 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 ITO 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 Owner's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the ITO 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 ITO, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.
- 6.3.2** The letter of credit or surety bond must be issued by a financial institution or insured reasonably acceptable to the ITO 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** Any Party may assign this Agreement without the consent of the other Parties 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;
- 7.1.2** The Interconnection Customer shall have the right to assign this Agreement, without the consent of the ITO or Transmission Owner, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the ITO 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 another 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 a Party be liable to another 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 another 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 Parties, 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 Parties 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, a 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 ITO, except that the Interconnection Customer shall show proof of insurance to the ITO 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 Owner agrees to maintain general liability insurance or self-insurance consistent with the Transmission Owner's commercial practice. Such insurance or self-insurance shall not exclude coverage for the ITO'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 another 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 another 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 another 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 another Party to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Parties to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time 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, any Party shall provide another 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 none of the Parties elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then any 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 Owner'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.

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 any 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 ITO. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Appendices, 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, any 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 any Party. The Parties shall not have a 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 public utilities, 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 Parties, 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 Parties. 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 Parties 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 Parties 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 Parties 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 ITO 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 Owner 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 another 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 courier 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 ITO:

ITO: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

If to the Transmission Owner:

Transmission Owner: _____

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: _____

ITO: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by a Party to the other Parties 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 ITO:

ITO: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the Transmission Owner:

Transmission Owner: _____
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: _____

ITO:

ITO: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

13.5 Changes to the Notice Information

A 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 ITO

Name: _____

Title: _____

Date: _____

For the Transmission Owner

Name: _____

Title: _____

Date: _____

For the Interconnection Customer

Name: _____

Title: _____

Date: _____

Appendix A to SGIA Glossary of Terms

Affected System – An electric system other than the Transmission Owner'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 Owner'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 Owner'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.

Independent Transmission Organization – The ITO to which LG&E and KU have delegated the responsibility and authority to administer the Tariff, serve as ITO thereunder, that controls

the Transmission Owner's transmission facilities used for the transmission of electric energy in interstate commerce, and provides transmission service under the Tariff.

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

Interconnection Facilities – The Transmission Owner'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 Owner'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 Owner'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 Owner's Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Transmission Owner's Transmission System to accommodate the interconnection of the Small Generating Facility with the Transmission Owner'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 ITO's requirements, including those set forth in the Small Generator Interconnection Agreement.

Party or Parties – The ITO, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Transmission Owner'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.

Reliability Coordinator – The party charged with providing reliability coordination service for the Transmission Owner's system in accordance with Attachment L hereto.

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

Effective On Transmission
Owner's Exit from the
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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 Owner 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 – LG&E/KU, the public utility operating companies which: (i) own the Transmission System; (ii) contract with the ITO to provide open access transmission service under the Tariff; (iii) conduct those functions specified herein necessary for the ITO to provide open access transmission service under the Tariff; and (iv) receive payment for Transmission Service as provided for in the Tariff.

Transmission System – The facilities owned and operated by the Transmission Owner, and controlled by the ITO to the extent and as provided for in this Tariff, that are used to provide transmission service under Part II and Part III of the Tariff.

Upgrades – The required additions and modifications to the Transmission Owner'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 B 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 or the Transmission Owner. The ITO 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.

Appendix C to SGIA
One-line Diagram Depicting the Small Generating Facility, Interconnection
Facilities, Metering Equipment, and Upgrades

**Appendix D 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 ITO _____ Date _____

For the Transmission Owner _____ Date _____

For the Interconnection Customer _____ Date _____

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

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Appendix E to SGIA
Additional Operating Requirements for the Transmission Owner's
Transmission System and Affected Systems Needed to Support
the Interconnection Customer's Needs

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

**Appendix F to SGIA
ITO's Description of its Upgrades
and Best Estimate of Upgrade Costs**

The ITO 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 ITO shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

ATTACHMENT L

FUNCTIONS OF THE RELIABILITY COORDINATOR AND THE ITO

1 OVERVIEW

- 1.1** This Attachment sets forth the authority and responsibility of the ITO (or “ITO”) and the Reliability Coordinator in their role as such, as well as the relationship between these independent entities and the Transmission Owner, Generator Owners, Load Serving Entities, and other market participants.
- 1.2** The Transmission Owner will retain operational control over the Transmission System, but will be obligated to follow the directives of the ITO and Reliability Coordinator as set forth herein. The specific division of responsibilities and functions between the Transmission Owner and the ITO and Reliability Coordinator, respectively, are here set forth in this Attachment L.
- 1.3** Nothing in this Attachment L precludes the ITO or Reliability Coordinator from providing the same or similar functions to other entities under a separate contract or expanding to a larger regional entity, provided that the Transmission Owner is reimbursed in an equitable manner for its capital investment as well as ongoing operations and maintenance costs in connection with any such new contract or expansion, and provided further that the ITO or Reliability Coordinator’s performance of such additional functions does not impair its ability to perform its obligations, or otherwise change the obligations, set forth in this Attachment L.

2 DEFINITIONS

The following definitions shall apply to this Attachment. Capitalized terms that are not specifically defined herein shall have the meaning assigned to them under the Tariff, the Large Generator Interconnection Procedures (“LGIP”), or the Small Generator Interconnection Procedures (“SGIP”), as applicable.

- 2.1** **Annual Plan** shall mean the plan developed pursuant to Section 13.5 of this Attachment L.
- 2.2** **ATC Methodology** shall mean the criteria, standards, and procedures used to calculate Available Transfer Capability (“ATC”) values as set forth in the following: (i) Tariff provisions applicable to ATC calculations, including Attachment C to the Tariff, (ii) applicable North American Electric Reliability Council (“NERC”) Reliability Standards and East Central Area Reliability Coordination Agreement (“ECAR”), or any successor organization, supplements to those standards; (iii) the Transmission Owner’s ATC Procedures that are provided to the ITO for posting on OASIS pursuant to Section 6.1 herein; and (iv) the Transmission Owner’s local reliability criteria provided to the ITO for posting on OASIS pursuant to Section 6.1 herein.

- 2.3 Base Case Model** shall mean current power flow models representing the Transmission System used for reliability assessments, transmission service request studies, and economic studies. When referenced herein, “Base Case Model” refers to the annual, seasonal, monthly, or other power flow models used by the ITO to evaluate TSRs or Interconnection Requests, as applicable to TSRs or Interconnection Requests. When referenced with respect to transmission planning, “Base Case Model” refers to the annual and seasonal power flow model described in Section 13.4.
- 2.4 Facilities Study Criteria** shall mean the criteria, standards, and procedures used to perform Facilities Studies as set forth in the following: (i) Tariff provisions applicable to the performance of Facilities Studies; (ii) applicable NERC Reliability Standards and ECAR supplements to those standards; (iii) the Transmission Owner’s business practices related to Facilities Studies that are provided to the ITO for posting on OASIS pursuant to Section 6.1 herein; and (iv) the Transmission Owner’s local reliability criteria that are provided to the ITO for posting on OASIS pursuant to Section 6.1 herein.
- 2.5 Interconnection SIS** shall mean the interconnection System Impact Study required under the LGIP or SGIP.
- 2.6 Interconnection Studies** shall mean studies required to interconnect new generation to the Transmission System under Order Nos. 2003 and 2006.
- 2.7 Interconnection Study Criteria** shall mean the criteria, standards, and procedures used to perform Interconnection Studies as set forth in the following: (i) the LGIP, LGIA, SGIP, and SGIA provisions applicable to the performance of Interconnection Studies; (ii) applicable NERC Reliability Standards and ECAR supplements to those standards; (iii) the Transmission Owner’s business practices related to Interconnection Studies that are provided to the ITO for posting on OASIS pursuant to Section 7.1.8 herein; and (iv) the Transmission Owner’s local reliability criteria that are provided to the ITO for posting on OASIS pursuant to Section 6.1 herein.
- 2.7 LGIA** shall mean the Standard Large Generator Interconnection Agreement under Attachment J to the Tariff or the version of that agreement executed by an Interconnection Customer, as applicable.
- 2.8 LGIP** shall mean the Standard Large Generator Interconnection Procedures under Attachment J to the Tariff.
- 2.9 Long-Term TSRs** shall mean TSRs that are for a term of one year or greater in duration.

- 2.10 Planning Criteria** shall mean the criteria, standards and procedures used in developing the Annual Plan as set forth in the following: (i) applicable NERC Reliability Standards and ECAR supplements to those standards; (ii) the Transmission Owner's local reliability criteria that are provided to the ITO for posting on OASIS pursuant to Section 6.1 herein; and (iii) the Transmission Owner's business practices that are related to compliance with all of the above criteria and that are provided to the ITO for posting on OASIS pursuant to Section 6.8 herein. Reliability Authority shall mean the Reliability Coordinator as discussed herein.
- 2.11 Reliability Authority Area** shall mean the footprint of the Transmission Owner's Transmission System for the purposes of this Attachment L.
- 2.12 Scheduling Authority** shall have the meaning provided in the rules and protocols developed by NERC.
- 2.13 Short-Term TSRs** shall mean the mean TSRs that are for a term less than one-year in duration.
- 2.14 SIS** shall mean the System Impact Study required under the Tariff to evaluate TSRs and to determine what magnitude of system upgrades, if any, might be required to grant a request.
- 2.15 SIS Criteria** shall mean the criteria, standards and procedures used to perform System Impact Studies as set forth in the following: (i) Tariff provisions applicable to the performance of SISs, including Attachment D to the Tariff, (ii) applicable NERC Reliability Standards and ECAR supplements to those standards; (iii) the Transmission Owner's business practices related to SISs that are provided to the ITO for posting on OASIS pursuant to Section 6.1.10 herein; and (iv) the Transmission Owner's local reliability criteria that are provided to the ITO for posting on OASIS pursuant to Section 6.1.10 herein.
- 2.16 SGIA** shall mean the Standard Small Generator Interconnection Agreement under Attachment K to the Tariff or the version of that agreement executed by an Interconnection Customer, as applicable.
- 2.17 SGIP** shall mean the Standard Small Generator Interconnection Procedures under Attachment K to the Tariff.
- 2.18 Transmission Planning Conference** shall mean the annual meeting conducted by the Reliability Coordinator to gather input and feedback on the planning process and Annual Plan.
- 2.19 Transmission Study Criteria** shall mean the ATC Methodology, the SIS Criteria, and the Facilities Study Criteria as defined herein.

- 2.20 Transmission Service Request or TSR** shall mean a request submitted by an eligible Transmission Customer under the Tariff for either Point-to-Point Transmission Service or Network Integration Transmission Service, including a new designation of Network Resources or Network Load.
- 2.21 TSR Processing Criteria** shall mean the criteria, standards, and procedures used to process TSRs as set forth in the following: (i) Tariff provisions applicable to TSR processing; (ii) FERC's OASIS Standards and Communication Protocols and Business Practice Standards for OASIS Transactions; and (iii) the Transmission Owner's business practices related to OASIS and TSR processing that are provided to the ITO for posting on OASIS pursuant to Section 6.1 herein.

FUNCTIONS OF THE ITO

3 Independence

- 3.1** The Transmission Owner shall contract with an independent party to be known as the ITO. The ITO shall have experience and expertise appropriate to the performance of its functions, the analysis of transmission system operations and open access regulatory requirements, and such other responsibilities as are assigned to the ITO under this Attachment. The Transmission Owner and ITO shall negotiate the terms and conditions upon which the ITO will contract with the Transmission Owner, and the Transmission Owner will submit that contract, and any subsequent changes, to the FERC for approval.
- 3.2** The ITO and its employees shall not be affiliated with and shall remain independent of the Transmission Owner, any market participant, or any Tariff Participant. All functions and responsibilities of the ITO shall be performed by employees or agents of the ITO. No such employees or agents shall be employed by the Transmission Owner or any affiliate (as defined in 18 CFR § 35.34(b)(3) of FERC's regulations) of the Transmission Owner. The ITO and its employees and agents shall be Independent of the Transmission Owner, any Market Participant (as defined in 18 CFR § 35.34(a)(2) of FERC's regulations), any Tariff Participant, and all Affiliates of the Transmission Owner, any such Market Participant, or any such Tariff Participants. For purposes of this Attachment L, "Independent" shall mean that the ITO and its employees and agents are not subject to the control of the Transmission Owner, any Market Participant or any Tariff Participant, and have full decision-making authority to perform all functions and responsibilities assigned to the ITO under this Attachment L.
- 3.3** The ITO shall perform the functions enumerated herein in an independent manner and, in all cases, shall use its independent judgment in ensuring that Transmission Service is provided on a nondiscriminatory basis. The Transmission Owner shall perform its functions in a manner consistent with Good Utility Practice, its obligations to Native Load Customers, and its obligations to Transmission Customers under FERC Orders No. 888, 2003, and 2006. The ITO and its

employees shall not discriminate against the Transmission Owner, any market participant, or any Tariff Participant, and shall implement the provisions of this Attachment L in a fair and non-discriminatory manner.

3.3.1 All employees of the ITO performing functions under this Attachment shall be treated, for the purposes of FERC's Standards of Conduct set forth 18 CFR Part 358, as the equivalent of transmission/reliability employees of the Transmission Owner, and all restrictions related to inform sharing and other relationships between merchant employees of the Transmission Owner and/or its affiliates and transmission/reliability employees of the Transmission Owner shall apply to the employees of the ITO.

3.3.2 The ITO shall adopt a policy on conflicts of interest establishing appropriate standards for the professional and financial independence of the ITO, consistent with FERC policies and regulations. In addition, the ITO shall adopt ethics policies and standards for its employees and subcontractors. The ITO, including each member and employee of the ITO's firm shall comply at all times with the conflicts of interest and ethics policies. The ITO's conflict of interest and ethics policies shall be posted on the Transmission Owner's OASIS. The ITO's conflict of interest policies shall include provisions protecting against any discrimination by the ITO in favor of third parties for whom the ITO may perform services or enjoy a relationship that inures to the ITO's financial benefit.

3.4 Nothing in this Attachment L shall be deemed to restrict or prohibit the Transmission Owner from taking any actions it believes are reasonably necessary to protect against endangerment to the safety of employees or the public or damage to facilities.

3.5 In order to carry out its responsibilities under this Attachment L, the ITO will have complete access, subject to appropriate confidentiality provisions, to all data and information prepared by or on behalf of or generated for the Transmission Owner's transmission operations personnel that are reasonably necessary to achieve the purposes and objectives of this Attachment L. To the extent that the ITO requires access to data or information obtained by the Transmission Owner from other market participants, including the Transmission Owner's wholesale merchant function employees, such data or information shall be treated as confidential information, unless otherwise available from public sources or public disclosures.

4 General

4.1 The ITO shall administer the terms and conditions of this OATT.

- 4.2** The ITO, in consultation with the Transmission Owner, the Reliability Coordinator, market participants, and Tariff Participants, shall develop and revise, as appropriate, operating procedures governing its exercise of the responsibilities set out herein (“Operating Procedures”), which shall be made publicly available on the OASIS except to the extent the ITO and the Transmission Owner jointly determine that certain of the procedures should not be made publicly available for security reasons consistent with the Commission’s regulations regarding Critical Energy Infrastructure Information.
- 4.3** The ITO shall comply with all Federal or State laws or authorities that govern the provision of ITO service.
- 4.4** The ITO shall develop procedures for ensuring the confidentiality of any confidential information or materials, including information or materials that include or comprise Critical Energy Infrastructure Information, made available to the ITO by the Transmission Owner or any Tariff Participant.
- 4.5** The Transmission Owner shall have sole authority to file with FERC changes to this Tariff, including Attachment L, pursuant to Section 205 of the Federal Power Act. The Transmission Owner shall provide 30 days notice to the ITO regarding any such changes. The ITO shall post any information it possesses regarding proposed tariff changes not later than 15 days prior to the filing of the amendment with FERC. The ITO shall be responsible for keeping the tariff updated on OASIS and any website to be administered by the ITO.
- 4.6** The ITO shall submit bi-annual reports to the Transmission Owner proposing changes (if any) to the Tariff. The ITO shall promptly post these reports on OASIS.
- 4.7** Any dispute arising under Attachment L shall be addressed according to the dispute resolution provisions contained within section 12 of this tariff.
- 4.8** The ITO shall propose Tariff changes to the Transmission Owner to the extent necessary to carry out its roles, responsibilities and functions provided for in its agreement with the Transmission Owner and this Attachment L. The Transmission Owner shall file such Tariff changes under FPA Section 205 to the extent the Transmission Owner, in its sole discretion, determines that such a Tariff change is appropriate. In the event the Transmission Owner declines to file such a Tariff change with the FERC, the ITO and the Transmission Owner shall make a joint submission to the FERC stating their respective positions regarding the Tariff change. Such filings made pursuant to this Attachment L section 4.9 shall be tendered under FPA 206.
- 4.9** The ITO shall oversee the clarification and identification of the Base Case Model and Supplemental Upgrades, the recovery of costs associated with such upgrades and the provisions of rights associated with such upgrades as specified in Attachment N.

5 General Responsibilities of Generation Owners and Load Serving Entities.

- 5.1** Generation Owners shall provide the ITO with all necessary data, information, and applicable requirements that govern the operation of any generating facilities interconnected with the Transmission System, as the ITO may require to perform its various functions.
- 5.2** Generation Owners shall submit and coordinate unit schedules as necessary to permit the ITO to assess transmission transfer capability and transmission reliability.
- 5.3** Load Serving Entities shall submit, on an annual basis, data concerning projected loads, designated network resources, generation and transmission maintenance schedules, and other such operating data as the ITO may require to perform its various functions.

6 Processing of Transmission Service Requests, Determination of Transfer Capability, and OASIS Management

Transmission Service Requests

- 6.1** The ITO will process and evaluate (i.e. grant or deny) all TSRs, including those transactions associated with network service and existing point-to-point service agreements, on a non-discriminatory basis consistent with the Tariff, the TSR Processing Criteria, the Transmission Study Criteria, and accepted utility practice. The ITO shall be responsible for documenting all transmission service requests under the Tariff, the disposition of such requests, and any data required to support the decision with respect to such requests. The ITO's responsibilities in processing and evaluating TSRs include the following:
- Calculate ATC and TTC consistent with Section 6.6 of Attachment L.
 - Collecting all necessary information for the processing and evaluation of a TSR;
 - Coordinating as necessary with the Transmission Owner and the Reliability Coordinator when processing requests for service into and out of transmission facilities or distribution facilities;
 - Determining that all preconditions necessary for a TSR to be considered a Completed Application have been met;
 - Maintaining appropriate TSR queues for Short-Term and Long-Term TSRs;

- Determining whether sufficient transmission capability exists to grant or deny a TSR;
- Providing and executing SIS Agreements and Facilities Studies Agreements;
- Performing SISs, consistent with Sections 6.4.1 to 6.4.5 of this Attachment L, as necessary to further evaluate whether sufficient transmission capability exists to accommodate a TSR or what additional facilities might be, subject to further review in a Facilities Study, required to allow the granting of a request;
- Performing SISs in response to requests to designate new Network Resources under Section 30 of the Tariff, including requests by the Transmission Owner's wholesale merchant function on behalf of Native Load Customers, and verifying that applicable Tariff requirements have been met;
- Providing all notices related to the processing and evaluation of a TSR to the Transmission Customer;
- Independently reviewing the Transmission Owner's description of the ATC Methodology, SIS Criteria, Facilities Study Criteria, and TSR Processing Criteria to ensure that these criteria are sufficiently defined for Transmission Customers to understand how TSRs are processed and evaluated. If the ITO concludes that additional explanatory detail is required, the Transmission Owner will modify the appropriate business practice documents to include the additional detail. The ITO will post on OASIS the final versions of the criteria, including the Transmission Owner's local reliability criteria, subject to the confidentiality provisions of Section 3.6 herein.
- Independently reviewing data, information and analyses, including Facilities Studies, provided or performed by the Transmission Owner or the Reliability Coordinator;
- Ensuring that the TSR Processing Criteria and the Transmission Study Criteria are posted on OASIS and are sufficiently detailed so that the evaluation and processing of TSRs is transparent and understandable, subject to the confidentiality provisions of Section 3.6 herein;
- Responding to inquiries by Transmission Customers regarding TSRs concerning the functions performed by the ITO as set forth in this Attachment L;

- Determining the amount and applicability of Ancillary Services under Schedules 1-6 of the Tariff that are needed or required for each transaction by Transmission Customers to comport with reliability guidelines; and
- Billing and normal collection/payment of the applicable charges/invoices for SIS and Facilities Studies.

6.2 The processing and evaluation of TSRs requires coordination between the ITO, the Transmission Owner and the Reliability Coordinator. The Transmission Owner shall be responsible for the following functions associated with the processing and evaluation of TSRs, and the ITO will ensure that these functions are performed on a non-discriminatory basis consistent with the TSR Processing and Transmission Study Criteria:

- Providing data inputs and other information and analyses required by the ITO to study individual TSRs;
- Tendering, entering into, and filing all Transmission Service Agreements in accordance with the Tariff;
- Entering into any Facilities Study agreement with the Transmission Owner and the Transmission Customer;
- Performing Facilities Studies consistent with Sections 6.4.6 to 6.4.10 herein;
- Billing and collecting the applicable charges for transmission service under the Tariff and Ancillary Services under Schedules 1-6 of the Tariff; and
- Supplying the Transmission Customer with detailed descriptions of the current Transmission Study Criteria and TSR Processing Criteria, including: (i) the Transmission Owner's current Tariff; (ii) applicable NERC Reliability Standards and ECAR supplements to those standards; (iii) the Transmission Owner's local reliability criteria.

TSR Processing Criteria

6.3 Base Case Model Development: Once the Base Case Model referenced in Section 13.4 herein is complete, the ITO will participate with the Transmission Owner and the Reliability Coordinator in any additional regional model development processes necessary to create updated quarterly and monthly regional models from the seasonal and annual models. These models, which are updated quarterly or monthly, will serve as the basis for the annual, seasonal, monthly, or daily Base Case Models for the Transmission System used to evaluate TSRs.

- 6.3.1** In order to develop the regional models and Base Case Models for the Transmission System referenced above, the Transmission Owner and the Reliability Coordinator will provide to the ITO and other modeling group participants such data and information as may be necessary to prepare and update the models. The ITO will review the data inputs provided by the Transmission Owner and the Reliability Coordinator to ensure that the data inputs and resulting models are consistent with the Transmission Study Criteria.
- 6.4** Studies for Long-Term TSRs: All Long-Term TSRs will be evaluated in accordance with the Tariff. If a SIS indicates that additions or upgrades are needed to accommodate the TSR, the Transmission Customer may request a Facilities Study. The division of responsibilities and duties related to such studies are described in this Section 6.4.

System Impact Study:

- 6.4.1** If necessary, the ITO shall inform the Transmission Customer of the need for an SIS and provide the Transmission Customer with the standard form SIS Agreement to be executed by the ITO, the Transmission Owner and the Transmission Customer. The SIS Agreement shall obligate the Transmission Customer to pay for the actual cost of the SIS, including any costs incurred by the ITO or the Transmission Owner associated with performing their respective functions under Sections 6.4.1 to 6.4.5 herein. The ITO will be responsible for determining whether the Transmission Customer has timely complied with all requirements necessary for an SIS and for a request to remain a Completed Application. The ITO will provide a copy of the executed SIS Agreement to the Transmission Owner and Transmission Customer.
- 6.4.2** After confirming that all applicable requirements have been met by the Transmission Customer, the ITO will perform or cause to be performed the required SIS. If the SIS is performed by someone other than the ITO, the ITO still retains the ultimate responsibility and authority for the study. To perform the SIS, the ITO will use the current set of applicable Base Case Models developed pursuant to Section 6.4 herein. The ITO will update the applicable Base Case Models to reflect then-current data from the Transmission Owner's OASIS regarding additional Long-Term TSRs, including new or expired rollover rights. The ITO will perform the SIS as set forth in the SIS Criteria and will ensure that the Base Case Models, including any updates thereto, are consistent with the SIS Criteria.
- 6.4.3** The ITO will provide the Transmission Owner (or affected third-party Transmission Owner) and the Reliability Coordinator with an initial draft of the SIS report including a list of any constrained transmission elements. The Transmission Owner (or affected third-party Transmission Owner)

and the Reliability Coordinator will have the opportunity to review and comment on the report. The Transmission Owner or affected third party Transmission Owner will be responsible for developing a mitigation plan to address any constrained transmission elements. The ITO will review the affected Transmission Owner's mitigation plan and will include the mitigation plan and the Transmission Owner's comments in the final SIS report provided to the Transmission Customer.

- 6.4.4** The ITO, in conjunction with the Transmission Owner and the Reliability Coordinator, will use due diligence to finalize the required SIS in accordance with the Tariff and will provide all notices to the Transmission Customer required under the Tariff. The ITO will post the SIS on OASIS and respond to requests for work papers supporting the SIS. If the Transmission Owner and the ITO cannot resolve any disagreements regarding the SIS, the ITO will modify the draft SIS report to identify the areas of disagreement and will provide this SIS report to the Transmission Customer by posting on OASIS.
- 6.4.5** If the Transmission Owner, the Reliability Coordinator, and the ITO agree that no additions or upgrades to the Transmission System are needed to accommodate the TSR, and the ITO has determined that the Transmission Customer has met the necessary Tariff requirements, the ITO will provide the Transmission Customer with a Transmission Service Agreement to be executed by the ITO, the Transmission Owner and the Transmission Customer. The Transmission Customer may request that the ITO and the Transmission Owner file an unexecuted Transmission Service Agreement with FERC in accordance with the Tariff if: (i) the Transmission Owner and the ITO cannot agree on whether any additions or upgrades to the Transmission System are needed to accommodate the TSR; (ii) the Transmission Customer does not accept the results of the SIS; or (iii) the ITO, the Transmission Owner, and the Transmission Customer cannot agree on the terms and conditions of the Transmission Service Agreement. If the Transmission Owner and the ITO cannot agree on the scope of the additions or upgrades to the Transmission System that are needed to accommodate the TSR, or if the Transmission Customer does not accept the scope of the necessary additions or upgrades, the parties shall attempt to resolve any such disagreement through the more detailed Facilities Study process in Section 6.4.6 below if the Transmission Customer elects to undertake such a study.

Facilities Study:

- 6.4.6** If a SIS indicates that additions or upgrades are needed to accommodate the TSR, the ITO will provide the Transmission Customer with the standard form Facilities Study Agreement to be executed by the ITO, the Transmission Owner, and the Transmission Customer. The Facilities

Study Agreement shall obligate the Transmission Customer to pay for the actual cost of the Facilities Study, including any costs incurred by the ITO or the Transmission Owner associated with performing their respective functions under Sections 6.4.6 to 6.4.9 herein. The ITO will be responsible for determining whether the Transmission Customer has timely complied with all requirements necessary for a Facilities Study and for a request to remain a Completed Application.

- 6.4.7** After confirming that all applicable requirements have been met by the Transmission Customer, the ITO shall direct the Transmission Owner to perform a Facilities Study. The ITO will provide the Transmission Owner with the updated Base Case Models used by the ITO in performing the SIS, including any additional data that the ITO determines may have material impact on the Facilities Study results. The ITO shall direct the Transmission Owner to determine the scope and estimate the cost of the additions or upgrades to the Transmission System needed to accommodate the TSR. The Transmission Owner shall use the updated Base Case Models as the basis for this determination and shall make this determination on a non-discriminatory basis consistent with the Facilities Study Criteria. The Transmission Owner will provide the ITO with its determination of the scope and estimate of the cost of the necessary additions or upgrades and, upon request, supporting documents and work papers.
- 6.4.8** The ITO will review the Transmission Owner's determination regarding the scope and cost of the necessary additions or upgrades. To the extent necessary, the ITO shall coordinate the Facilities Study with other affected transmission providers and conduct any meetings between the Transmission Owner and any other affected transmission providers. The ITO will prepare an initial draft of the Facilities Study report. The Transmission Owner will have the opportunity to review and comment on the report and its comments will be included in the final Facilities Study report provided to the Transmission Customer. If the ITO and the Transmission Owner cannot resolve any disagreements regarding the Facilities Study, the ITO will modify the draft Facilities Study report to identify the areas of disagreement and will provide this Facilities Study report to the Transmission Customer.
- 6.4.8** The ITO, in conjunction with the Transmission Owner and the Reliability Coordinator, will use due diligence to finalize the required Facilities Study in accordance with the Tariff and will provide all notices to the Transmission Customer required under the Tariff. The ITO will provide the Transmission Customer with the final Facilities Study report and will respond to requests for work papers supporting the Facilities Study.

6.4.9 If the ITO and the Transmission Owner agree on the final Facilities Study, and the Transmission Customer accepts the final Facilities Study, and the ITO has determined that the Transmission Customer has met the necessary Tariff requirements, the ITO will provide the Transmission Customer with a Transmission Service Agreement to be executed by the ITO, Transmission Owner and the Transmission Customer. If the ITO and the Transmission Owner cannot agree, or the Transmission Customer does not accept the final Facilities Study, or if the Transmission Owner and the Transmission Customer cannot agree on the terms and conditions of the Transmission Service Agreement, the Transmission Customer may request that the Transmission Owner file an unexecuted Transmission Service Agreement with FERC in accordance with the Tariff.

6.5 Studies for Short-Term TSRs: The ITO will evaluate all Short-Term TSRs in accordance with the ATC Methodology using the Base Case Models described in Section 13.5.

TTC and ATC Calculation

6.6 The ITO shall calculate TTC and ATC in accordance with the provisions of Attachment C of the Tariff.

6.6.1 ATC will be calculated by the ITO on a Control Area-to-Control Area basis for the Transmission Owner's Control Area interfaces.

6.6.2 The ITO will be responsible for ensuring that ATC values are calculated on a nondiscriminatory basis consistent with the ATC Methodology. The ITO's responsibilities in calculating ATC values will include (a) reviewing the data inputs to the ATC Base Case Models; (b) responding to Transmission Customer inquiries regarding the ATC process; (c) requiring modifications to the Base Case Models or data inputs to the extent such modifications are necessary to ensure consistency with the ATC Methodology; and (d) requiring the recalculation (or resynchronization) of ATC values after modifications made under Section 6.6.6 are implemented.

6.6.3 ATC will be posted based in a manner that recognizes contract-path limitations for so long as the contract-path basis is the prevailing mechanism for reserving transmission service under the Tariff.

6.6.4 The ITO shall calculate the ATC for prospective Firm Point-to-Point Transmission Service in a manner that does not assume congestion management options, such as the redispatch of generation to provide such Firm Point-to-Point Transmission Service.

- 6.6.5** The Transmission Owner will supply data inputs and information necessary for the calculations, and will assist the ITO to the extent requested in responding to Transmission Customer inquiries. The ITO will ensure that the Transmission Owner performs these functions on a non-discriminatory basis consistent with the ATC Methodology.
- 6.6.6** The ITO will have authority to direct the Transmission Owner to modify the Base Case Models or data inputs to ensure that the ATC values are calculated in a manner consistent with the ATC Methodology posted on OASIS. If the ITO and the Transmission Owner cannot agree on a modification to the Base Case Models or data inputs proposed by the ITO, the ITO's position shall control and serve as the basis for evaluating TSRs pending resolution of any such disagreement. To the extent the ITO directs a modification under this section, the ITO shall also have the authority to direct the resynchronization of ATC values after the modification is implemented.
- 6.7** The ITO shall review all data received from Reliability Coordinators, Control Areas, independent transmission system operators, regional reliability councils, or other security entities that impact ATC calculations, and shall share such ATC calculations with those Reliability Coordinators, Control Areas, transmission providers, independent transmission system operators, regional reliability councils, or other security entities that are or may be impacted by such ATC calculations.

OASIS Administration

- 6.8** ITO Duties and Responsibilities: The ITO will administer the Transmission Owner's existing OASIS node for purposes of processing and evaluating TSRs and ensuring compliance with the Transmission Owner's obligation to publicly post transmission-related information pursuant to the Commission's OASIS regulations. The ITO's responsibilities and duties in administering OASIS will include the following:
- 6.8.1** Performing the duties of a Responsible Party as defined in the Commission's OASIS regulations, 18 CFR § 37.5;
- 6.8.2** Posting information required to be on the Transmission Owner's OASIS under the Commission's OASIS regulations, 18 CFR § 37.6;
- 6.8.3** Posting any information regarding proposed tariff changes not later than 30 days prior to the filing of any such change with FERC; and
- 6.8.4** Retaining data in accordance with the Commission's regulations.

6.9 Transmission Owner Duties and Responsibilities: The Transmission Owner will be responsible for the following functions associated with OASIS operations, and the ITO will ensure that these functions are performed consistent with the TSR Processing Criteria and the Commission's OASIS regulations:

6.9.1 Providing the ITO with the information necessary to comply with the posting requirements.

Transmission Scheduling

6.10 The ITO shall act as the contact for Transmission Customers scheduling transactions into, out of, or through the Transmission Owner's Control Area. The ITO will coordinate with neighboring transmission entities to facilitate de-pancaked transmission service in accordance with the terms of the OATT.

6.11 The ITO shall be certified and perform the duties of the NERC Scheduling Authority.

6.12 The ITO shall process transmission reservations in accordance with currently accepted industry practice(s).

6.13 When a Transmission Customer submits an electronic tag to implement a transaction for a previously accepted transmission reservation, the ITO shall be responsible for evaluating and approving the electronic tag as both the Transmission Owner and the Scheduling Authority. As operator of the transmission system, the Transmission Owner has responsibility for implementing approved tags (entering the tags into the energy management system), and verifying the resulting schedule with adjacent control areas.

7 Generator Interconnections

7.1 ITO Duties and Responsibilities: The ITO shall process all generation interconnection requests and perform generation interconnection impact studies in a non-discriminatory manner in accordance with the LGIP and SGIP and the Transmission Owner's Interconnection Study Criteria. The ITO will have authority to interpret and apply the guidelines, and shall have responsibility for administration of the Transmission Owner's LGIP and SGIP, including queuing of interconnection requests, completion of specified studies associated with interconnection requests, and development of the transmission system modeling process, software, and assumptions used to evaluate requests to interconnect to the Transmission Owner's transmission system. The ITO's responsibilities in processing and evaluating interconnection Requests include the following:

7.1.1 Entering into and filing all Interconnection Facilities Study Agreements, Large Generator Interconnection Agreements, and Small Generation Interconnection Agreements in accordance with the Tariff;

- 7.1.2** Collecting from the Interconnection Customer, the Transmission Owner and the Reliability Coordinator all necessary information for the processing and evaluation of an Interconnection Request;
 - 7.1.3** Determining that all preconditions necessary for a valid Interconnection Request have been met;
 - 7.1.4** Performing Interconnection Feasibility Studies, Interconnection SISs, and Optional Interconnection Studies and coordinating such studies with Affected Systems;
 - 7.1.5** Maintaining and administering a queue for Interconnection Study requests;
 - 7.1.6** Posting on the Transmission Owner's OASIS a list of Interconnection Requests and related information as required under the LGIP and SGIP;
 - 7.1.7** Providing and executing Interconnection Study Agreements and Facility Study Agreements;
 - 7.1.8** Providing all notices related to the processing and evaluation of an Interconnection Request to the Interconnection Customer;
 - 7.1.9** Independently reviewing the Transmission Owner's description of the Interconnection Study Criteria to ensure that these criteria are sufficiently defined for Interconnection Customers to understand how Interconnection Requests are processed and evaluated. If the ITO concludes that additional explanatory detail is required, the Transmission Owner will modify the appropriate business practice documents to include the additional detail. The ITO will post on OASIS the final versions of the criteria, subject to appropriate confidentiality provisions;
 - 7.1.10** Independently reviewing data, information, and analyses, including Interconnection Facilities Studies, provided or performed by the Transmission Owner or the Reliability Coordinator; and
 - 7.1.11** Responding to inquiries by Interconnection Customers.
- 7.2** Transmission Owner Duties and Responsibilities: The processing and evaluation of Interconnection Requests requires coordination between the Transmission Owner and the ITO. The Transmission Owner will be responsible for the following functions associated with the processing and evaluation of Interconnection Requests, and the ITO will ensure that these functions are performed consistent with the LGIP, the SGIP, and the Interconnection Study Criteria:

- 7.2.1** Providing data inputs, information, required by the ITO;
 - 7.2.2** Supplying the ITO with the Interconnection Study Criteria, including descriptions or copies of: (i) the LGIP, LGIA, SGIP and SGIA provisions applicable to the performance of Interconnection Studies; (ii) applicable NERC Reliability Standards and ECAR supplements to those standards; (iii) the Transmission Owner's business practices related to Interconnection Studies; and (iv) the Transmission Owner's local reliability criteria; and
 - 7.2.3** Performing Interconnection Facilities Studies consistent with Section 7.6 herein.
- 7.3** Studies for Interconnection Service Requests: The LGIP or SGIP provisions of the Tariff shall determine the studies necessary to interconnect with the Transmission System. The ITO will be responsible for coordinating all Interconnection Studies with any Affected Systems and conducting all meetings between the Affected Systems, the Reliability Coordinator, the Transmission Owner and the Interconnection Customer, in accordance with the provisions of the LGIP or SGIP. The division of additional responsibilities in performing Interconnection Studies is described below.
- 7.4** Interconnection Feasibility Study
- 7.4.1** Pursuant to the LGIP or SGIP, the ITO shall provide the Interconnection Customer with an Interconnection Feasibility Study Agreement to be executed by the Interconnection Customer and the ITO. The Interconnection Feasibility Study Agreement shall obligate the Interconnection Customer to pay for the actual cost of the Interconnection Feasibility Study, including any costs incurred by the ITO or the Transmission Owner associated with performing their respective functions under Sections 7.4.1 to 7.4.3 herein. The ITO will be responsible for determining whether the Interconnection Customer has timely complied with all requirements necessary for an Interconnection Feasibility Study and a valid Interconnection Request, as provided in the LGIP or SGIP. The ITO will provide a copy of the executed Interconnection Feasibility Study Agreement to the Transmission Owner.
 - 7.4.2** After confirming that all applicable requirements have been met by the Interconnection Customer, the ITO will perform or cause to be performed the required Feasibility Study, including any Re-Studies. If the Feasibility study is performed by someone other than the ITO, the ITO still retains the ultimate responsibility and authority for the study. To perform the Feasibility Study, the ITO will use the current set of applicable Base Case Models developed pursuant to Section __ herein. The ITO will update the applicable Base Case Models to reflect then-current data from the

Transmission Owner's OASIS regarding additional Long-Term TSRs, including new or expired rollover rights. The ITO will perform the Feasibility Study as set forth in the Interconnection Study Criteria and will ensure that the Base Case Models, including any updates thereto, are developed as set forth in the Interconnection Study Criteria. The ITO will provide the Transmission Owner with an initial draft of the Feasibility Study report, and the Transmission Owner will have the opportunity to review and comment on the report.

- 7.4.3** The ITO will use Reasonable Efforts to finalize the Feasibility Study in accordance with the LGIP or SGIP provisions of the Tariff and will provide all notices to the Interconnection Customer required in that section. The ITO will be responsible for responding to requests for work papers or other supporting documentation under the LGIP or SGIP. If the Transmission Owner and the ITO cannot resolve any disagreements regarding the Feasibility Study, the ITO will modify the draft Feasibility Study report to identify the areas of disagreement and will provide this Feasibility Study report to the Interconnection Customer. If the Transmission Owner, the ITO, and the Interconnection Customer ultimately cannot agree on the final Interconnection Feasibility Study report, Section 13.5 of the LGIP or Section 4.2 of the SGIP will apply.

7.5 Interconnection System Impact Study

- 7.5.1** Pursuant to the LGIP or SGIP, the ITO shall provide the Interconnection Customer with the Interconnection SIS Agreement to be executed by the ITO and the Interconnection Customer. The Interconnection SIS Agreement shall obligate the Interconnection Customer to pay for the actual cost of the Interconnection SIS, including any costs incurred by the ITO or the Transmission Owner associated with performing their respective functions under Section 7.5 herein. The ITO will be responsible for determining whether the Interconnection Customer has timely complied with all requirements necessary for an Interconnection SIS and for a valid Interconnection Request, as set forth in the LGIP or SGIP. The ITO will provide a copy of the executed Interconnection SIS Agreement to the Transmission Owner and the Reliability Coordinator.
- 7.5.2** After confirming that all applicable requirements have been met by the Interconnection Customer, the ITO shall perform or cause to be performed the required Interconnection SIS, including any Re-Studies. If the interconnection SIS is performed by someone other than the ITO, the ITO still retains the ultimate responsibility and authority for the study. To perform the Interconnection SIS, the ITO will use the current set of applicable Base Case Models developed pursuant to Section 13.4 herein. The ITO will update the applicable Base Case Models to reflect then-current data from the Transmission Owner's OASIS regarding additional

Long-Term TSRs, including new or expired rollover rights. The ITO will perform the interconnection SIS as set forth in the Interconnection Study Criteria and will ensure that the Base Case Models, including any updates thereto, are developed as set forth in the Interconnection Study Criteria.

7.5.3 The ITO will provide the Transmission Owner, the Reliability Coordinator and other Affected System with an initial draft of the Interconnection SIS report, including a list of any constrained transmission elements. The Transmission Owner and the Reliability Coordinator will have the opportunity to review and comment on the report and the Transmission Owner will be responsible for developing a mitigation plan to address any constrained transmission elements. The ITO will review the Transmission Owner's mitigation plan and will include the mitigation plan and the Transmission Owner's comments in the final Interconnection SIS report provided to the Interconnection Customer.

7.5.4 The ITO, in conjunction with the Transmission Owner and the Reliability Coordinator, will use Reasonable Efforts to finalize the required Interconnection SIS in accordance with the LGIP or SGIP and will provide all notices to the Interconnection Customer required by the LGIP or SGIP. The ITO will be responsible for responding to requests for work papers supporting the Interconnection SIS. If the Transmission Owner and the ITO cannot resolve any disagreements regarding the Interconnection SIS, the ITO will modify the draft Interconnection SIS report to identify the areas of disagreement and will provide this Interconnection SIS report to the Interconnection Customer. If the Transmission Owner, the ITO, the Reliability Coordinator and the Interconnection Customer ultimately cannot agree on the final Interconnection SIS report, Section 13.5 of the LGIP or Section 4.2 of the SGIP will apply.

7.6 Interconnection Facilities Study

7.6.1 Pursuant to the LGIP or SGIP provisions of the Tariff, the ITO will tender the Interconnection Facilities Study Agreement to the Interconnection Customer to be executed by the ITO, the Transmission Owner, any Affected System, and the Interconnection Customer. The Interconnection Facilities Study Agreement shall obligate the Interconnection Customer to pay for the actual cost of the Interconnection Facilities Study, including any costs incurred by the ITO or the Transmission Owner associated with performing their respective functions under Section 7.6 herein.

7.6.2 After confirming that all applicable requirements have been met by the Interconnection Customer, the ITO shall direct the Transmission Owner to perform an Interconnection Facilities Study. The ITO will provide the Transmission Owner with the relevant SIS data used by the ITO in

performing the Interconnection SIS, including any additional data that the ITO determines may have material impact on the Interconnection Facilities Study results. The ITO shall direct the Transmission Owner to determine the equipment, engineering, procurement, and construction work necessary to implement the conclusions in the Interconnection SIS. The Transmission Owner shall use the relevant SIS data provided by the ITO as the basis for this determination and shall make this determination consistent with the Interconnection Study Criteria. The Transmission Owner will provide the ITO with its determination and, upon request, supporting documents and work papers.

- 7.6.3** The ITO will review the Transmission Owner's determination regarding the equipment, engineering, procurement, and construction work necessary to implement the conclusions in the Interconnection SIS. The ITO will prepare an initial draft of the Interconnection Facilities Study report. The Transmission Owner will have the opportunity to review and comment on the report and the Transmission Owner's comments will be included in the final Interconnection Facilities Study report provided to the Interconnection Customer. If the ITO and the Transmission Owner cannot resolve any disagreements regarding the Interconnection Facilities Study, the ITO will modify the draft Interconnection Facilities Study report to identify the areas of disagreement and will provide this Interconnection Facilities Study report to the Interconnection Customer.
- 7.6.4** The ITO, in conjunction with the Transmission Owner, will use Reasonable Efforts to finalize the required Interconnection Facilities Study in accordance with the LGIP or SGIP and will provide all notices to the Interconnection Customer required in the LGIP or SGIP. The ITO will be responsible for providing the Interconnection Customer with the final Interconnection Facilities Study report and responding to requests for work papers and supporting documentation for the Interconnection Facilities Study.
- 7.6.5** If the ITO and the Transmission Owner agree on the final Facilities Study, and the Interconnection Customer accepts the final Facilities Study, and the ITO has determined that the Interconnection Customer has met the necessary LGIP or SGIP requirements, the Transmission Owner will provide the Interconnection Customer with a LGIA or SGIA to be executed by the Transmission Owner and the Interconnection Customer. If the ITO and the Transmission Owner cannot agree, or the Interconnection Customer does not accept the final Interconnection Facilities Study, or if the Transmission Owner and the Interconnection Customer cannot agree on the terms and conditions of the LGIA or SGIP, the parties may attempt to resolve the dispute pursuant to Section 13.5 of the LGIP or Section 4.2 of the SGIP, or the Interconnection Customer may request that the Transmission Owner file an unexecuted LGIA with FERC

in accordance with Section 11.3 of the LGIP, or file an unexecuted SGIA with FERC in accordance with Section 4.8 of the SGIA.

- 7.1** Optional Interconnection Study: If the Interconnection Customer requests an Optional Interconnection Study, the division of responsibilities between the Transmission Owner and the ITO shall be the same as for the Interconnection SIS.

THE FUNCTIONS OF THE RELIABILITY COORDINATOR

8 General

- 8.1** The Reliability Coordinator shall coordinate and cooperate with the ITO and provide any information that the ITO may reasonably need to carry out its functions, as may be requested by the ITO. Such information provided to the Reliability Coordinator will be kept confidential in accordance with terms herein.
- 8.2** Reliability Coordinator Performance. The Reliability Coordinator will perform the Functions throughout the Term in accordance with Good Utility Practice and shall: (a) conform to: (i) all applicable reliability criteria, policies, standards, rules, regulations and other requirements of NERC and any applicable regional reliability council or their successors; (ii) the Transmission Owner's specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements specified in this Section 1.4); and (iii) all applicable requirements of federal and state regulatory authorities; and (b) not make any adverse distinction between the Transmission Owner, any market participant, or any Tariff Participant, on the one hand, and any third-party on whose behalf the Reliability Coordinator may perform transmission-related services or functions on the other hand.
- 8.3** Transmission Owner Performance. The Transmission Owner shall perform its obligations hereunder in accordance with Good Utility Practice and shall conform to: (a) all applicable reliability criteria, policies, standards, rules, regulations and other requirements of NERC and any applicable regional reliability council or their successors; and (b) all applicable requirements of federal and state regulatory authorities. The Transmission Owner shall provide the Reliability Coordinator with the information and assistance needed for the Reliability Coordinator to perform the Functions.
- 8.4** Dispute Resolution. Any dispute arising under Attachment L shall be addressed according to the dispute resolution provisions contained within section 12 of this Tariff.

9 Independence.

- 9.1** Employees; Agents. The Reliability Coordinator and its employees and agents shall not be affiliated with the Transmission Owner or its Affiliates, i.e., the

Reliability Coordinator and its employees and agents are not subject to the control of the Transmission Owner or its Affiliates, and have full decision-making authority to perform all Functions in accordance with the provisions of this Attachment L. Any employee or agent of the Reliability Coordinator performing the Functions owning securities in the Transmission Owner shall divest such securities within six months of first being assigned to perform such Functions, provided that nothing in this section shall be interpreted or construed to preclude any such employee or agent of the Reliability Coordinator from indirectly owning securities issued by the Transmission Owner or its Affiliates through a mutual fund or similar arrangement (other than a fund or arrangement specifically targeted toward the electric industry or the electric utility industry or any segment thereof) under which the employee or agent does not control the purchase or sale of such securities. Participation in a pension plan of the Transmission Owner or its Affiliates shall not be deemed to be a direct financial interest if the plan is a defined-benefit plan that does not involve the Reliability Coordinator employee's or agent's ownership of the securities.

- 9.2** Offices. Employees or agents of the Reliability Coordinator performing the Functions may occupy dedicated offices within facilities owned or operated by the Transmission Owner ("Reliability Coordinator Dedicated Offices"), provided that any such Reliability Coordinator employees or agents shall not share office space with any transmission/reliability employees or merchant employees of the Transmission Owner or its Affiliates, any Market Participant, or any other Tariff Participant. The Transmission Owner and the Reliability Coordinator shall put in place the appropriate procedures to ensure that access to the Reliability Coordinator Dedicated Offices is restricted to the same extent that the Transmission Owner restricts access to its transmission/reliability offices and facilities pursuant to FERC's Standards of Conduct, set forth in 18 CFR Part 358.
- 9.3** Standards of Conduct Treatment. All employees or agents of the Reliability Coordinator performing the Functions shall be treated, for purposes of the FERC's Standards of Conduct, as the equivalent of transmission/reliability employees of the Transmission Owner, and all restrictions relating to information sharing and other relationships between merchant employees of the Transmission Owner or its Affiliates and transmission/reliability employees of the Transmission Owner or its Affiliates shall apply to such Reliability Coordinator employees or agents.

10 Maintenance Scheduling

- 10.1** The Transmission Owner shall propose maintenance schedules to the Reliability Coordinator and the Reliability Coordinator shall either approve or deny such maintenance schedules.

11 Reporting; Audit

- 11.1** Reporting. The Reliability Coordinator will be responsible for making regular reports to FERC and the Transmission Owner's retail regulators as may be required by applicable law and regulations or as may be requested by such authorities.

12 Books and Records

- 12.1** The Transmission Owner will have the right, at reasonable times and under reasonable conditions, to inspect and audit the Reliability Coordinator's operations and books to: (a) ensure compliance with the Transmission Owner/Reliability Coordinator Agreement; (b) verify any cost claims or other amounts due hereunder; and (c) validate the Reliability Coordinator's internal controls with respect to the performance of the Functions. The Reliability Coordinator shall maintain an audit trail, including all original transaction records, of all financial and non-financial transactions as may be necessary to enable the Transmission Owner to perform the foregoing activities. The Transmission Owner shall have the right to contract with an independent party to inspect and audit the Reliability Coordinator's operations and books on the Transmission Owner's behalf to ensure compliance with the Transmission Owner/Reliability Coordinator Agreement and to verify any cost claims. The Transmission Owner shall be responsible for any costs and expenses incurred in connection with such independent party unless the independent party discovers that the Transmission Owner was charged inappropriate or incorrect costs and expenses, in which case the Reliability Coordinator shall be responsible for a percentage of the costs and expenses incurred in connection with the independent party equal to the percentage variance by which the Transmission Owner was charged inappropriate or incorrect costs and expenses.

13 Transmission Planning Authority

- 13.1** The Reliability Coordinator will be responsible for the function of Transmission Planning Authority which is to encompass the responsibilities assigned to the Planning Authority in the NERC Functional Model² except as regards resource adequacy planning. In this role the Reliability Coordinator's responsibility as Transmission Planning Authority shall include:
- 13.1.1** Reviewing, evaluating, and commenting on the Transmission Owner's transmission expansion plans that are intended to eliminate reliability inadequacies or to meet statewide or multi-state transmission planning requirements, and engaging in coordinated transmission planning in accordance with this Attachment L;
- 13.1.2** Monitoring the Transmission Owner's transmission facility ratings based on access to data reasonably necessary to evaluate such ratings;

² ftp://www.nerc.com/pub/sys/all_updl/oc/fmrtg/Functional_Model_Version_2.doc; pp. 14-16.

- 13.1.3** Independently reviewing and approving the Transmission Owner's Planning Criteria to ensure that these criteria are sufficiently defined for Transmission Customers to understand how transmission planning is conducted. If the Reliability Coordinator concludes that additional explanatory detail is required, the Transmission Owner will modify the appropriate business practice documents to include the additional detail. The Reliability Coordinator will coordinate with the ITO to ensure that the final versions of the Planning Criteria are posted on OASIS;
- 13.1.4** Reviewing and approving Transmission Owner's Base Case Model to ensure that such model reflects annual and seasonal power flows, includes all existing long-term, firm uses of the transmission system, and is consistent with the approved Planning Criteria;
- 13.1.5** Performing an independent reliability assessment and evaluation of the Transmission Owner's Annual Plan and making suggestions to the Transmission Owner;
- 13.1.6** Transferring the Transmission Owner's finalized Annual Plan to the ITO for posting on OASIS;
- 13.1.7** Holding a Transmission Planning Conference to gather input and consider the planning process and the Transmission Owner's Annual Plan; and
- 13.1.8** Identifying any instances where it does not agree with the Transmission Owner's Annual Plan and providing the Transmission Owner with an opportunity to provide any revisions.

13.2 The Transmission Owner will be responsible for:

- 13.2.1** Preparing the Planning Criteria and Base Case Model and submitting the Planning Criteria and Base Case Model to the Reliability Coordinator for review and approval;
- 13.2.2** Develop an Annual Plan, which will contain all transmission upgrade and expansion projects on the Transmission Owner's Transmission System that are necessary to satisfy the Planning Criteria and the Base Case Model. This Annual Plan is submitted to the Reliability Coordinator for evaluation and assessment;
- 13.2.3** Participate in a Transmission Planning Conference with the Reliability Coordinator and regulators in order to review the Transmission Owner's Annual Plan;

- 13.2.4** Considering all suggested revisions and comments on the Annual Plan and ensuring that the Annual Plan comports with the Planning Criteria and the Base Case Model;
 - 13.2.5** Maintaining specific transmission line, equipment, and methodology information for determining the thermal ratings of circuits and transformers, including information on transmission line design temperature and profile and transformer test data; and
 - 13.2.6** Acting as project manager to coordinate the engineering, design, and construction of all required transmission facility additions as well as the maintenance and testing of transmission facilities.
- 13.3** Load Serving Entities shall submit planning-related data to both the Transmission Owner and the Reliability Coordinator. Specifically, Load Serving Entities annually will submit:
- 13.3.1** Load forecasts for all existing delivery points for the following ten years, including transmission (wholesale and retail) connected substations and distribution substations, and coincident and non-coincident peak demands and power factor at each delivery point;
 - 13.3.2** Plans for new delivery points for the following ten years;
 - 13.3.3** Resource plans for the following 10 years;
 - 13.3.4** Expectations for market access to on- and off-system generation resources;
 - 13.3.5** All planned on-system distributed generation resources; and
 - 13.3.6** Information on all interruptible loads.
- 13.4** Base Case Model for Transmission Planning
- 13.4.1** The Transmission Owner will create the Base Case Model for the Transmission System. This Model will include all existing long-term, firm uses of the Transmission System, including: (i) Network Integration Transmission Service; (ii) firm transmission service for the Transmission Owner's Native Load; (iii) Long-Term Point-to-Point Transmission Service; and (iv) firm transmission service provided in accordance with grandfathered agreements. The Model will be developed pursuant to the modeling procedures used in developing the NERC multi-regional and ECAR regional models.

13.4.2 The Transmission Owner will provide the Base Case Model to the Reliability Coordinator for review and approval.

13.5 Annual Plan and Reliability Coordinator Assessment

13.5.1 The Transmission Owner will develop the Annual Plan, which will contain all transmission upgrade projects on the Transmission System that are necessary to satisfy the Planning Criteria and the Base Case Model. The Transmission Owner will submit the Annual Plan to the Reliability Coordinator. The Reliability Coordinator will hold a Transmission Planning Conference to discuss the Annual Plan and its development.

13.5.2 The Reliability Coordinator will perform an independent reliability assessment of the Transmission System using the Planning Criteria and the Base Case Model. As part of this assessment, the Reliability Coordinator will independently evaluate whether: (i) the Transmission Owner's Annual Plan complies with the Planning Criteria and the Base Case Model; and (ii) whether there are upgrade projects in the Annual Plan that are not necessary to meet the Planning Criteria and the Base Case Model. In addition to reviewing the Annual Plan, the Reliability Coordinator may also begin the process of identifying opportunities for regional optimization of the Annual Plan.

13.5.3 The Reliability Coordinator will provide the Transmission Owner with its conclusions regarding the reliability assessment and evaluation of the Annual Plan, including any outstanding issues that the Reliability Coordinator believes the Transmission Owner should address. The Transmission Owner will have the opportunity to review the Reliability Coordinator's conclusions and may submit a revised Annual Plan and supporting documentation to the Reliability Coordinator to address any outstanding issues. Once the Annual Plan has been finalized by the Transmission Owner, the Reliability Coordinator will coordinate with the ITO to ensure that the Annual Plan is posted on OASIS.

13.6 Construction of Upgrades

13.6.1 The Reliability Coordinator will identify any instances where it does not agree with the Annual Plan. The Reliability Coordinator and the Transmission Owner will have an affirmative obligation to post information concerning any such disagreement on OASIS. Based on feedback from interested parties, the Transmission Owner may revise the Annual Plan.

13.6.2 In the case where the Reliability Coordinator does not agree with the Annual Plan, nothing in this Attachment L shall prevent the Transmission Owner from constructing those facilities it deems necessary to reliably

meet its obligation to serve its Transmission Customers, point-to-point, Network Integration Service, and Native Load Customers; provided, however, that the Reliability Coordinator shall have no right or ability to compel the Transmission Owner to construct facilities of any kind.

ATTACHMENT M

AGREEMENTS BETWEEN THE TRANSMISSION OWNER,

THE INDEPENDENT TRANSMISSION ORGANIZATION

AND THE

RELIABILITY COORDINATOR

**INDEPENDENT TRANSMISSION ORGANIZATION
AGREEMENT**

BETWEEN

**LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY**

AND

SOUTHWEST POWER POOL, INC.

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Attachment A - Description of the Functions

Attachment B - List of Key Personnel

INDEPENDENT TRANSMISSION ORGANIZATION AGREEMENT

This Independent Transmission Organization Agreement (this "Agreement") is entered into this ___th day of September, 2005, between Louisville Gas and Electric Company and Kentucky Utilities Company, corporations organized pursuant to the laws of the State of Kentucky (collectively, "LG&E/KU"), and Southwest Power Pool, Inc., an entity organized pursuant to the laws of the State of Arkansas (the "ITO"). LG&E/KU and the ITO may sometimes be individually referred to herein as a "Party" and collectively as the "Parties."

WHEREAS, LG&E/KU owns, among other things, an integrated electric transmission system ("Transmission System"), over which the Midwest Independent Transmission System Operator Inc. ("Midwest ISO") currently provides open access transmission service to customers in the LG&E/KU Control Area (as defined in the LG&E/KU Open Access Transmission Tariff ("the OATT"));

WHEREAS, as part of LG&E/KU's proposal to withdraw its participation in the Midwest ISO, LG&E/KU desires to provide non-discriminatory open access transmission service pursuant to the OATT;

WHEREAS, LG&E/KU desires to have the ITO perform certain key transmission-related functions under the OATT as set forth herein;

WHEREAS, LG&E/KU will remain the owner of its Transmission System and will bear the ultimate responsibility for the provision of transmission services to Eligible Customers (as defined in the OATT), including the sole authority to amend the OATT;

WHEREAS, the ITO: (i) is a FERC-approved regional transmission organization; (ii) is independent from LG&E/KU; (iii) possesses the necessary competence and experience to perform the functions provided for hereunder; and (iv) is willing to perform such functions under the terms and conditions agreed upon by the Parties as set forth in this Agreement; and

WHEREAS, as part of LG&E/KU's goal to maintain the requisite level of independence in the operation of its Transmission System to prevent any exercise of transmission market power, on September __, 2005, LG&E/KU entered into a Reliability Coordinator Agreement (the "Reliability Coordinator Agreement") with the Tennessee Valley Authority, a NERC-certified reliability coordinator (the "Reliability Coordinator"), pursuant to which the Reliability Coordinator will provide to LG&E/KU certain required reliability functions, including security coordination, transmission planning and regional coordination, identifying and mandating upgrades required to maintain reliability, non-binding recommendations relating to economic transmission system upgrades, and administration of any seams agreements to be entered by LG&E/KU;

NOW THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

Effective On Transmission
Owner's Exit from the
Midwest ISO

Section 1 - Scope of Functions; Standards of Performance.

1.1 Functions. The ITO shall perform the functions described in Attachment A (the "Functions") during the Term in accordance with the terms and conditions of this Agreement.

1.2 Coordination with Reliability Coordinator. In conjunction with its performance of the Functions, the ITO shall coordinate and cooperate with the Reliability Coordinator and provide, subject to the terms and conditions of this Agreement, including the ITO's obligations with respect to Confidential Information in Section 10, any information that the Reliability Coordinator may reasonably request in order to carry out its functions under the Reliability Coordinator Agreement.

1.3 Expansion. Nothing in this Agreement is intended to prevent the ITO from entering into other agreements with one or more third party transmission providers or operators to perform functions for such transmission providers or operators that are the same or similar to the Functions performed hereunder; provided, however, that the ITO does not breach any of its obligations under this Agreement (including its obligations with respect to Confidential Information in Section 10) by entering into or performing any of its obligations under such other agreements; provided, further, that any such other agreements shall provide for LG&E/KU to be reimbursed in an equitable manner for any capital expenditures made pursuant to this Agreement as well as for LG&E/KU's ongoing operations and maintenance expenditures to the extent such capital expenditures and operations and maintenance expenditures are used by the ITO in performing functions under such other agreements.

1.4 ITO Performance. The ITO shall perform its obligations (including the Functions) under this Agreement in accordance with (a) Good Utility Practice (as defined in the OATT), (b) LG&E/KU's specific requirements and operating guidelines (to the extent these are not inconsistent with other requirements specified in this Section 1.4), (c) the OATT, and (d) all applicable laws and the requirements of federal and state regulatory authorities.

1.5 LG&E/KU Performance. LG&E/KU shall perform its obligations under this Agreement in accordance with Good Utility Practice.

Section 2 - Independence.

2.1 Key Personnel. All Functions shall be performed by employees of the ITO identified in Attachment B (the "Key Personnel"). No Key Personnel shall also be employed by LG&E/KU or any of its Affiliates (as defined in 18 C.F.R. § 35.34(b)(3) of FERC's regulations). The ITO and the Key Personnel shall be, and shall remain throughout the Term, Independent (as defined below) of LG&E/KU, its Affiliates and any Tariff Participant (as defined below). For purposes of this Agreement: (a) "Independent" shall mean that the ITO and the Key Personnel are not subject to the control of LG&E/KU, its Affiliates or any Tariff Participant, and have full decision-making authority to perform all Functions in accordance with the provisions of this Agreement. Any Key Personnel owning securities in LG&E/KU, its Affiliates or any Tariff Participant shall divest such securities within six (6) months of first being assigned to perform

such Functions, provided that nothing in this Section 2.1 shall be interpreted or construed to preclude any such Key Personnel from indirectly owning securities issued by LG&E/KU, its Affiliates or any Tariff Participant through a mutual fund or similar arrangement (other than a fund or arrangement specifically targeted toward the electric industry or the electric utility industry or any segment thereof) under which the Key Personnel does not control the purchase or sale of such securities. Participation by any Key Personnel in a pension plan of LG&E/KU, its Affiliates or any Tariff Participant shall not be deemed to be a direct financial interest if the plan is a defined-benefit plan that does not involve the Key Personnel's ownership of the securities; (b) "Tariff Participant" shall mean LG&E/KU Transmission System customers, interconnection customers, wholesale customers, affected transmission providers, any Market Participant (as defined in 18 C.F.R. § 35.34(a)(2) of FERC's regulations) and similarly qualified third parties within the LG&E/KU Control Area.

2.2 Standards of Conduct Treatment. All Key Personnel shall be treated, for purposes of the FERC's Standards of Conduct, as transmission employees. All restrictions relating to information sharing and other relationships between merchant employees and transmission employees shall apply to the Key Personnel.

Section 3 - Compensation, Billing and Payment.

[COMPENSATION, BILLING AND PAYMENT PROVISIONS WILL BE
NEGOTIATED WITH THE ITO]

Section 4 - Effective Date; Term; Termination; Termination Fees; Transition Assistance Services.

4.1 Effective Date; Term. This Agreement shall become effective on the date (the "Effective Date") which is thirty (30) days after FERC's acceptance of this Agreement and shall continue for an initial term of four (4) years from the Effective Date (the "Initial Term"). After the conclusion of the Initial Term, this Agreement shall automatically continue for successive additional one-year terms (each, a "Subsequent Term") unless and until terminated pursuant to the termination provisions hereof. The Initial Term and any Subsequent Terms, together with the Transition Assistance Period, if any, shall collectively be referred to as the "Term."

4.2 Mutually-Agreed Termination. Subject to Section 4.5, this Agreement may be terminated by mutual agreement of the Parties at any time during the Term (other than any Transition Assistance Period).

4.3 Termination at End of Term. Subject to Section 4.5, either Party may terminate this Agreement at the end of the Initial Term or any Subsequent Term upon six (6) months prior written notice to the other Party.

4.4 Termination for Cause.

4.4.1 Termination by Either Party. Subject to Section 4.5, either Party may terminate this Agreement effective immediately upon prior written notice thereof to the other Party if:

(a) Material Failure or Default. The other Party fails, in any material respect, to comply with, observe or perform, or defaults, in any material respect, in the performance of the terms and conditions of this Agreement, and such failure or default remains uncured for thirty (30) days after notice thereof, provided that such failure or default is susceptible to cure and the other Party is exercising reasonable diligence to cure such failure or default;

(b) Pattern of Failure. It determines, in its sole discretion, that there has been a pattern of failure by the other Party to comply with the standards of performance required under this Agreement;

(c) Gross Negligence, Willful Misconduct or Fraud. The other Party commits gross negligence, willful misconduct or fraud in the performance of its obligations under this Agreement;

(d) Material Misrepresentation. Any representation made by the other Party hereunder shall be false or incorrect in any material respect when made and such misrepresentation is not cured within thirty (30) days of such discovery or is incapable of cure;

(e) Bankruptcy. The other Party: (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it; (ii) makes an assignment or any general arrangement for the benefit of creditors; (iii) otherwise becomes bankrupt or insolvent (however evidenced); (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets; or (v) is generally unable to pay its debts as they fall due; or

(f) Dissolution. The other Party dissolves or is dissolved or its legal existence is otherwise terminated.

4.4.2 Termination by LG&E/KU. Subject to Section 4.5, LG&E/KU may terminate this Agreement effective immediately upon prior written notice thereof to the ITO if FERC determines that the ITO is not Independent.

4.5 FERC Approval. No termination of this Agreement shall be effective until approved by FERC.

4.6 Return of Materials. Upon any termination of this Agreement or the conclusion of any Transition Assistance Period pursuant to Section 4.8.1, whichever is later, the ITO shall

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timely and orderly turn over to LG&E/KU all materials that were prepared or developed prior thereto pursuant to this Agreement, and return or destroy, at the option of LG&E/KU, all Data and other information supplied by LG&E/KU to the ITO or created by the ITO on behalf of LG&E/KU.

4.7 Survival. All provisions of this Agreement which are by their nature or terms intended to survive the termination of this Agreement, including the obligations set forth in Section 7 and Section 10, shall survive termination of this Agreement.

4.8 Transition Assistance Services.

4.8.1 Transition Assistance Period. Commencing on the date this Agreement is terminated and continuing for up to six (6) months thereafter (the "Transition Assistance Period"), the ITO shall (a) provide the Functions (and any replacements thereof or substitutions therefor), to the extent LG&E/KU requests such Functions to be performed during the Transition Assistance Period, and (b) cooperate with LG&E/KU in the transfer of the Functions (collectively, the "Transition Assistance Services").

4.8.2 Transition Assistance Services. The ITO shall, upon LG&E/KU's request, provide the Transition Assistance Services during the Transition Assistance Period at the ITO's actual cost for such services. The quality and level of performance of the Functions by the ITO during the Transition Assistance Period shall not be degraded. After the expiration of the Transition Assistance Period, the ITO shall answer questions from LG&E/KU regarding the Functions on an "as needed" basis at the ITO's then-standard billing rates.

4.8.3 Key Personnel. During the Transition Assistance Period, the ITO shall not terminate, reassign or otherwise remove any Key Personnel without providing LG&E/KU thirty (30) days' prior notice of such termination, reassignment or removal unless such employee (a) voluntarily resigns from the ITO, (b) is dismissed by the ITO for cause, or (c) dies or is unable to work due to his or her disability.

Section 5 - Data Management.

5.1 Supply of Data. During the Term, LG&E/KU shall supply to the ITO, and/or grant the ITO access to all Data that the ITO reasonably requires to perform the Functions. The Parties shall agree upon the initial format and manner in which such Data shall be provided. For purposes of this Agreement, "Data" means all information, text, drawings, diagrams, images or sounds which are embodied in any electronic or tangible medium and which (a) are supplied or in respect of which access is granted to the ITO by LG&E/KU under this Agreement, which shall be LG&E/KU's Data, (b) are prepared, stored or transmitted by the ITO solely on behalf of LG&E/KU, which shall be LG&E/KU's Data; or (c) are compiled by the ITO by aggregating Data owned by LG&E/KU and Data owned by third parties, which shall be ITO's Data.

5.2 Property of Each Party. Each Party acknowledges that the other Party's Data and the other Party's software, base data models and operating procedures for software or base data

models (“Processes”) are the property of such other Party and agrees that it will do nothing inconsistent with such ownership, including preserving all intellectual property and/or proprietary rights in such other Party’s Data and Processes as provided in Section 6.

5.3 Data Integrity. Each Party shall reasonably assist the other Party in establishing measures to preserve the integrity and prevent any corruption or loss of Data, and the Parties shall reasonably assist each other in the recovery of any corrupted or lost Data. Each Party shall retain and preserve any of the other Party’s Data that are supplied to it during the Term, and shall exercise commercially reasonable efforts to preserve the integrity of the other Party’s Data that are supplied to it during the Term, in order to prevent any corruption or loss of the other Party’s Data.

5.4 Confidentiality. Each Party’s Data shall be treated as Confidential Information in accordance with the provisions of Section 10.

Section 6 - Intellectual Property.

6.1 Pre-Existing Intellectual Property. Each Party shall own (and continue to own) all trade secrets, Processes and designs and other intellectual property that it owned prior to entering this Agreement, including any enhancements thereto (“Pre-Existing Intellectual Property”). Each Party acknowledges the ownership of the other Party’s Pre-Existing Intellectual Property and agrees that it will do nothing inconsistent with such ownership. Each Party agrees that nothing in this Agreement shall give it any right, title or interest in the other Party’s Pre-Existing Intellectual Property, other than the rights set forth in this Agreement. The ITO’s Pre-Existing Intellectual Property shall include the ITO Retained Rights set forth in Section 6.3. LG&E/KU’s Pre-Existing Intellectual Property shall include LG&E/KU Retained Rights set forth in Section 6.4.

6.1.1 Exclusion. Nothing in this Agreement shall prevent either Party from using general techniques, ideas, concepts and know-how gained by its employees during the performance of its obligations under this Agreement in the furtherance of its normal business, to the extent that it does not result in disclosure of the other Party’s Data or any data generated from the other Party’s Data or other Confidential Information or an infringement by LG&E/KU or the ITO of any intellectual property right. For the avoidance of doubt, the use by a Party of such general techniques, ideas, concepts and know-how gained by its employees during the performance of its obligations under this Agreement shall not be deemed to be an infringement of the other Party’s intellectual property rights so long as such matters are retained in the unaided memories of such employees and any Confidential Information is treated in accordance with the provisions of Section 10.

6.2 Jointly-Owned Intellectual Property. Except for the Data described in Section 5.1, all deliverables, whether software or otherwise, to the extent originated and prepared by the ITO exclusively in connection with the performance of its obligations under this Agreement shall be, upon payment of all amounts that may be due from LG&E/KU to the ITO, jointly owned by LG&E/KU and ITO (“Jointly-Owned Intellectual Property”). Each Party shall have the right to

use the Jointly-Owned Intellectual Property without any right or duty or accounting to the other Party, except as provided in this Section 6.2. Upon the ITO using, transferring or licensing Jointly-Owned Intellectual Property for or to a third party, the ITO shall reimburse LG&E/KU in an equitable manner as determined by the Parties in good faith for the actual amounts paid by LG&E/KU to the ITO that relate to such Jointly-Owned Intellectual Property. Except as stated in the foregoing sentence, the ITO shall have no other obligation to account to LG&E/KU for any such use, transfer, license, disclosure, copying, modifying or enhancing of the Jointly-Owned Intellectual Property. Notwithstanding anything herein to the contrary, LG&E/KU may use the Jointly-Owned Intellectual Property for its internal business purposes, including licensing or transferring its interests therein to a third party for purposes of operating or performing functions in connection with LG&E/KU's transmission business.

6.3 ITO Retained Rights. The ITO shall retain all right, title and interest in its proprietary know-how, concepts, techniques, processes, materials and information that were or are developed entirely independently of this Agreement ("ITO Retained Rights"), whether or not such ITO Retained Rights are embodied in a deliverable, whether software or otherwise originated and prepared by the ITO in connection with the performance of its obligations under this Agreement. With respect to the ITO Retained Rights embodied in any deliverable, whether software or otherwise originated and prepared by the ITO in connection with the performance of its obligations under this Agreement, LG&E/KU is hereby granted a nonexclusive, perpetual, worldwide, royalty-free, fully paid-up license under such ITO Retained Rights to use such deliverable for LG&E/KU's internal business purposes only, including licensing or transferring its interests therein to an Affiliate of LG&E/KU or a third party for purposes of operating or performing functions in connection with LG&E/KU's transmission business.

6.4 LG&E/KU Retained Rights. LG&E/KU shall retain all right, title and interest in its proprietary know-how, concepts, techniques, processes, materials and information that were or are developed entirely independently of this Agreement ("LG&E/KU Retained Rights"), whether or not such LG&E/KU Retained Rights are embodied in a deliverable, whether software or otherwise originated and prepared by LG&E/KU in connection with the performance of its obligations under this Agreement. With respect to LG&E/KU Retained Rights embodied in any software or otherwise originated and prepared by LG&E/KU in connection with the performance of its obligations under this Agreement, the ITO is hereby granted a nonexclusive, worldwide, royalty-free, fully paid-up license under such LG&E/KU Retained Rights to use such deliverable for the ITO's performance of its obligations under this Agreement only; provided that LG&E/KU shall not be liable in any way for the use of or reliance on such ITO Retained Rights by the ITO's Affiliate or third party for any purpose whatsoever.

6.5 ITO Non-Infringement; Indemnification. The ITO warrants to LG&E/KU that all ITO's Data and Processes, ITO Pre-Existing Intellectual Property, ITO Retained Rights, and deliverables prepared, produced or first developed by the ITO in connection with the performance of its obligations under this Agreement shall not infringe on any third party patent, copyright, trade secret or other third party proprietary rights. The ITO shall defend, hold harmless and indemnify LG&E/KU and its Affiliates and their respective employees, officers, directors, principals, owners, partners, shareholders, agents, representatives, consultants and subcontractors (collectively, "LG&E/KU Representatives") from and against all claims, lawsuits,

penalties, awards, judgments, court arbitration costs, attorneys' fees, and other reasonable out-of-pocket costs incurred in connection with such claims or lawsuits based upon the actual or alleged infringement of any of the foregoing rights; provided that LG&E/KU gives prompt written notice of any such claim or action to the ITO, permits the ITO to control the defense of any such claim or action with counsel of its choice, and cooperates with the ITO in the defense thereof; and further provided that such claim or action is not based on any alteration, modification or combination of the deliverable with any item, information or process not provided by the ITO, where there would be no infringement in the absence of such alteration, modification or combination. If any infringement action results in a final injunction against LG&E/KU or the LG&E/KU Representatives with respect to ITO's Data and Processes, ITO Pre-Existing Intellectual Property, ITO Retained Rights or deliverables prepared, produced or first developed by the ITO in connection with the performance of its obligations under this Agreement or in the event the use of such matters or any part thereof, is, in such lawsuit, held to constitute infringement, the ITO agrees that it shall, at its option and sole expense, either (a) procure for LG&E/KU or the LG&E/KU Representatives the right to continue using the infringing matter, or (b) replace the infringing matter with non-infringing items of equivalent functionality or modify the same so that it becomes non-infringing and retains its full functionality. If the ITO is unable to accomplish (a) or (b) above, the ITO shall reimburse LG&E/KU for all costs and fees paid by LG&E/KU to the ITO for the infringing matter. The above constitutes the ITO's complete liability for claims of infringement relating to any of the ITO's Data and Processes, ITO Pre-Existing Intellectual Property, ITO Retained Rights and deliverables prepared, produced or first developed by the ITO in connection with the performance of its obligations under this Agreement.

6.6 LG&E/KU Non-Infringement; Indemnification. LG&E/KU warrants to the ITO that, to its knowledge, all LG&E/KU's Data (except for Data created by the ITO on behalf of LG&E/KU) and Processes, LG&E/KU Pre-Existing Intellectual Property, and LG&E/KU Retained Rights shall not infringe on any third party patent, copyright, trade secret or other third party proprietary rights. LG&E/KU shall defend, hold harmless and indemnify the ITO and its Affiliates and their respective employees, officers, directors, principals, owners, partners, shareholders, agents, representatives, consultants and subcontractors against all claims, lawsuits, penalties, awards, judgments, court costs, and arbitration costs, attorneys' fees, and other reasonable out-of-pocket costs incurred in connection with such claims or lawsuits based upon the actual or alleged infringement of any of the foregoing rights; provided that the ITO gives prompt written notice of any such claim or action to LG&E/KU, permits LG&E/KU to control the defense of any such claim or action with counsel of its choice, and cooperates with LG&E/KU in the defense thereof; and further provided that such claim or action is not based on any alteration, modification or combination of the deliverable with any item, information or process not provided by LG&E/KU to the ITO, where there would be no infringement in the absence of such alteration, modification or combination. The above constitutes LG&E/KU's complete liability for claims of infringement relating to any of the LG&E/KU's Data and Processes, LG&E/KU Pre-Existing Intellectual Property and LG&E/KU Retained Rights.

Section 7 - Indemnification.

7.1 Indemnification by the Parties. Each Party (“Indemnifying Party”) shall indemnify, release, defend, reimburse and hold harmless the other Party and its Affiliates, and their respective directors, officers, employees, principals, representatives and agents (collectively, the “Indemnified Parties”) from and against any and all claims, demands, liabilities, losses, causes of action, awards, fines, penalties, litigation, administrative proceedings and investigations, costs and expenses, and attorney fees (each, an “Indemnifiable Loss”) asserted against or incurred by any of the Indemnified Parties arising out of, resulting from or based upon (a) a breach by the Indemnifying Party of its obligations under this Agreement, (b) the acts or omissions of the Indemnifying Party and its Affiliates and their respective directors, officers, employees, principals, representatives, agents or contractors during the Term, or (c) claims of bodily injury or death of any person or damage to real and/or tangible personal property caused by the negligence or willful misconduct of the Indemnifying Party and its Affiliates and their respective directors, officers, employees, principals, representatives, agents or contractors during the Term.

7.2 No Consequential Damages. Neither Party shall be liable to the other Party for, nor will the measure of damages include, any indirect, incidental, exemplary, punitive, special or consequential damages.

7.3 Cooperation Regarding Claims. If an Indemnified Party receives notice or has knowledge of any Indemnifiable Loss that may result in a claim for indemnification by such Indemnified Party against an Indemnifying Party pursuant to this Section 7, such Indemnified Party shall as promptly as possible give the Indemnifying Party notice of such Indemnifiable Loss, including a reasonably detailed description of the facts and circumstances relating to such Indemnifiable Loss, a complete copy of all notices, pleadings and other papers related thereto, and in reasonable detail the basis for its claim for indemnification with respect thereto. Failure to promptly give such notice or to provide such information and documents shall not relieve the Indemnifying Party from the obligation hereunder to respond to or defend the Indemnified Party against such Indemnifiable Loss unless such failure shall materially diminish the ability of the Indemnifying Party to respond to or to defend the Indemnified Party against such Indemnifiable Loss. The Indemnifying Party, upon its acknowledgment in writing of its obligation to indemnify the Indemnified Party in accordance with this Section 7, shall be entitled to assume the defense or to represent the interest of the Indemnified Party with respect to such Indemnifiable Loss, which shall include the right to select and direct legal counsel and other consultants, appear in proceedings on behalf of such Indemnified Party and to propose, accept or reject offers of settlement, all at its sole cost. If and to the extent that any such settlement is reasonably likely to involve injunctive, equitable or prospective relief or materially and adversely affect the Indemnified Party’s business or operations other than as a result of money damages or other money payments, then such settlement will be subject to the reasonable approval of the Indemnified Party. Nothing herein shall prevent an Indemnified Party from retaining its own legal counsel and other consultants and participating in its own defense at its own cost and expense.

Section 8 - Contract Managers; Dispute Resolution.

8.1 LG&E/KU Contract Manager. LG&E/KU shall appoint an individual (the “LG&E/KU Contract Manager”) who shall serve as the primary LG&E/KU representative under this Agreement. The LG&E/KU Contract Manager shall (a) have overall responsibility for managing and coordinating the performance of LG&E/KU’s obligations under this Agreement, and (b) be authorized to act for and on behalf of LG&E/KU with respect to all matters relating to this Agreement. Notwithstanding the foregoing, the LG&E/KU Contract Manager may, upon notice to the ITO, delegate such of his or her responsibilities to other LG&E/KU employees, as the LG&E/KU Contract Manager deems appropriate.

8.2 ITO Contract Manager. The ITO shall appoint, among the Key Personnel identified in Attachment B, an individual (the “ITO Contract Manager”) who shall serve as the primary ITO representative under this Agreement. The ITO Contract Manager shall (a) have overall responsibility for managing and coordinating the performance of ITO obligations under this Agreement, and (b) be authorized to act for and on behalf of the ITO with respect to all matters relating to this Agreement. Notwithstanding the foregoing, the ITO Contract Manager may, upon notice to LG&E/KU, delegate such of his or her responsibilities to other Key Personnel, as the ITO Contract Manager deems appropriate.

8.3 Resolution of Disputes. Any dispute, claim or controversy between the Parties arising out of or relating to this Agreement (each, a “Dispute”) shall be resolved in accordance with the procedures set forth in this Section 8.3; provided, however, that this Section 8.3 shall not apply to Disputes arising from or relating to confidentiality or intellectual property rights (in which case either Party shall be free to seek available legal or equitable remedies).

8.3.1 Notice of Dispute. Each Party shall provide written notice to the other party of any Dispute, including a description of the nature of the Dispute.

8.3.2 Dispute Resolution by Contract Managers. Any Dispute shall first be referred to the LG&E/KU Contract Manager and the ITO Contract Manager, who shall negotiate in good faith to resolve the Dispute.

8.3.3 Dispute Resolution by Executive Management Representatives. If the Dispute is not resolved within fifteen (15) days of being referred to the LG&E/KU Contract Manager and the ITO Contract Manager pursuant to Section 8.3.2, then each Party shall have five (5) days to appoint an executive management representative who shall negotiate in good faith to resolve the Dispute.

8.3.4 Exercise of Remedies at Law or in Equity. If the Parties’ executive management representatives are unable to resolve the Dispute within thirty (30) days of their appointment, then each Party shall be free to pursue any remedies available to it and to take any action in law or equity that it believes necessary or convenient in order to enforce its rights or cause to be fulfilled any of the obligations or agreements of the other Party.

8.4 Rights Under FPA Unaffected. Nothing in this Agreement is intended to limit or abridge any rights that LG&E/KU may have to file or make application before FERC under Section 205 of the Federal Power Act to revise any rates, terms or conditions of the OATT.

8.5 Statute of Limitations; Continued Performance. The Parties agree to waive the applicable statute of limitations during the period of time that the Parties are seeking to resolve a Dispute pursuant to Sections 8.3.2 and 8.3.3, and the statute of limitations shall be tolled for such period. The Parties shall continue to perform their obligations under this Agreement during the resolution of a Dispute.

Section 9 - Insurance.

9.1 Requirements. The ITO shall provide and maintain during the Term insurance coverage in the form and with minimum limits of liability as specified below, unless otherwise agreed to by the Parties.

9.1.1 Worker's compensation insurance with statutory limits, and employer's liability insurance with limits of not less than \$1,000,000.

9.1.2 Commercial general liability or equivalent insurance with a combined single limit of not less than \$10,000,000 per occurrence. Such insurance shall include products/completed operations liability, owners protective, blanket contractual liability, personal injury liability and broad form property damage.

9.1.3 Comprehensive automobile liability insurance with a combined single limit of not less than \$2,000,000 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles, and contractual liability.

9.1.4 Errors & Omissions Insurance in the amount of \$5,000,000.

9.2 Insurance Matters. All insurance coverages required pursuant to Section 9.1 shall (a) be provided by insurance companies that have a Best Rating of A or higher, (b) provide that LG&E/KU is an additional insured (other than the workers' compensation insurance), (c) provide that LG&E/KU will receive at least thirty (30) days written notice from the insurer prior to the cancellation or termination of or any material change in any such insurance coverages, and (d) include waivers of any right of subrogation of the insurers thereunder against LG&E/KU. Certificates of insurance evidencing that the insurance required by Section 9.1 is in force shall be delivered by the ITO to LG&E/KU prior to the Effective Date.

9.3 Compliance. The ITO shall not commence performance of any Functions until all of the insurance required pursuant to Section 9.1 is in force, and the necessary documents have been received by LG&E/KU pursuant to Section 9.2. Compliance with the insurance provisions in Section 9 is expressly made a condition precedent to the obligation of LG&E/KU to make payment for any Functions performed by the ITO under this Agreement. The minimum insurance requirements set forth above shall not vary, limit or waive the ITO's legal or contractual responsibilities or liabilities under this Agreement.

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Section 10 - Confidentiality.

10.1 Definition of Confidential Information. For purposes of this Agreement, “Confidential Information” shall mean, in respect of each Party, all information and documentation of such Party, whether disclosed to or accessed by the other Party in connection with this Agreement; provided, however, that the term “Confidential information” shall not include information that: (a) is independently developed by the recipient, as demonstrated by the recipient’s written records, without violating the disclosing Party’s proprietary rights; (b) is or becomes publicly known (other than through unauthorized disclosure); (c) is disclosed by the owner of such information to a third party free of any obligation of confidentiality; (d) is already known by the recipient at the time of disclosure, as demonstrated by the recipient’s written records, and the recipient has no obligation of confidentiality other than pursuant to this Agreement or any confidentiality agreements between the Parties entered into before the Effective Date; or (e) is rightfully received by a Party free of any obligation of confidentiality.

10.2 Protection of Confidential Information. All Confidential Information shall be held in confidence by the recipient to the same extent and in at least the same manner as the recipient protects its own confidential information, and such Confidential Information shall be used only for purposes of performing obligations under this Agreement. Neither Party shall disclose, publish, release, transfer or otherwise make available Confidential Information of, or obtained from, the other Party in any form to, or for the use or benefit of, any person or entity without the disclosing Party’s prior written consent. Each Party shall be permitted to disclose relevant aspects of the other Party’s Confidential Information to its officers, directors, agents, professional advisors, contractors, subcontractors and employees and to the officers, directors, agents, professional advisors, contractors, subcontractors and employees of its Affiliates, to the extent that such disclosure is reasonably necessary for the performance of its duties and obligations or the determination, preservation or exercise of its rights and remedies under this Agreement; provided, however, that the recipient shall take all reasonable measures to ensure that Confidential Information of the disclosing Party is not disclosed or duplicated in contravention of the provisions of this Agreement by such officers, directors, agents, professional advisors, contractors, subcontractors and employees. The obligations in this Section 10 shall not restrict any disclosure pursuant to any local, state or federal governmental agency or authority if such release is necessary to comply with valid laws, governmental regulations or final orders of regulatory bodies or courts; provided that the recipient shall give prompt notice to the disclosing Party in reasonable time to exercise whatever legal rights the disclosing Party may have to prevent or limit such disclosure. Further, the recipient shall cooperate with the disclosing Party in preventing or limiting such disclosure.

Section 11 - Force Majeure.

11.1 Neither Party shall be liable to the other Party for any failure or delay of performance hereunder due to causes beyond such Party’s reasonable control, which by the exercise of reasonable due diligence such Party is unable, in whole or in part, to prevent or overcome (a “Force Majeure”), including acts of God, act of the public enemy, fire, explosion, vandalism, cable cut, storm or other catastrophes, weather impediments, national emergency,

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insurrections, riots, wars or any law, order, regulation, direction, action or request of any government or authority or instrumentality thereof. Neither Party shall be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure, except for the obligation to pay any amount when due, provided that the affected Party:

11.1.1 gives notice to the other Party of the event or circumstance giving rise to the event of Force Majeure;

11.1.2 affords the other Party reasonable access to information about the event or circumstances giving rise to the event of Force Majeure;

11.1.3 takes commercially reasonable steps to restore its ability to perform its obligations hereunder as soon as reasonably practicable, provided that the affected Party shall not be obligated to take any steps that are not otherwise in accordance with Good Utility Practice; and

11.1.4 exercises commercially reasonable efforts to perform its obligations hereunder.

Section 12 - Reporting; Audit.

12.1 Reporting. The ITO shall make regular reports to FERC and LG&E/KU's retail regulators as may be required by applicable law and regulations or as may be requested by such authorities.

12.2 Books and Records. The ITO shall maintain full and accurate books and records pertinent to this Agreement, and the ITO shall maintain such books and records for three (3) years following the expiration or early termination of this Agreement or longer if necessary to resolve a pending Dispute. LG&E/KU will have the right, at reasonable times and under reasonable conditions, to inspect and audit, or have an independent third party inspect and audit, the ITO's operations and books to (a) ensure compliance with this Agreement, (b) verify any cost claims or other amounts due hereunder, and (c) validate the ITO's internal controls with respect to the performance of the Functions. The ITO shall maintain an audit trail, including all original transaction records, of all financial and non-financial transactions resulting from or arising in connection with this Agreement as may be necessary to enable LG&E/KU or the independent third party, as applicable, to perform the foregoing activities. LG&E/KU shall be responsible for any costs and expenses incurred in connection with any such inspection or audit, unless such inspection or audit discovers that LG&E/KU was charged inappropriate or incorrect costs and expenses, in which case, the ITO shall be responsible for a percentage of the costs and expenses incurred in connection with such inspection or audit equal to the percentage variance by which LG&E/KU was charged inappropriate or incorrect costs and expenses. The ITO shall provide reasonable assistance necessary to enable LG&E/KU or an independent third party, as applicable, and shall not be entitled to charge LG&E/KU for any such assistance. Amounts incorrectly or inappropriately invoiced by the ITO to LG&E/KU, whether discovered prior to or

subsequent to payment by LG&E/KU, shall be adjusted or reimbursed to LG&E/KU by the ITO within twenty (20) days of notification by LG&E/KU to the ITO of the error in the invoice.

12.3 Regulatory Compliance. The ITO shall comply with all requests by LG&E/KU to the extent considered reasonably necessary by LG&E/KU to comply with the Sarbanes-Oxley Act or other regulatory requirements. Notwithstanding the generality of the foregoing, the ITO shall provide to LG&E/KU, at LG&E/KU's request, all reports reasonably deemed necessary or desirable by LG&E/KU to support the review, audit and preparation of audit reports relating to the Functions and LG&E/KU's financial statements and reports, including (a) providing LG&E/KU with an executed copy of a report and opinion, from independent auditors of national reputation engaged and compensated by the ITO, of an examination in accordance with SAS No. 70, Type II, of the ITO's controls and systems relating to the performance of the Functions, as of and for the six (6)-month period ending at the end of the first (1st) and third (3rd) calendar quarter of each year of the Term, which shall be delivered not later than forty-five (45) days after the end of each such quarter, and (b) providing to LG&E/KU (and exercising commercially reasonable efforts to do so within twenty (20) days of LG&E/KU's request, but in no event more than thirty (30) days from said request) a certificate of an officer of the ITO certifying that there has been no change in such controls and systems or the effective operation of such controls and systems since the date of the most recent opinion of such independent auditors. The report, in its form and preparation, shall follow all SAS No. 70 guidelines and must be comprehensive and cover all significant controls executed by the ITO in connection with its systems and processes underlying the Functions. Additionally, the report must contain an opinion of the independent auditor that concludes that the ITO's description of controls pertaining to the processes and systems underlying the performance of the Functions presents fairly, in all material respects, the relevant aspects of the ITO's controls that had been placed into operation as of the end of each reporting period and whether, in the opinion of the independent auditor, the controls were suitably designed to provide reasonable assurance that the control objectives set forth by the ITO would be achieved if the described controls were complied with satisfactorily. In addition, the report shall state whether, in the opinion of the independent auditor, the controls tested by the independent auditor were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives specified by the ITO were achieved during the reporting period. Such report and opinion shall have no significant or material exceptions or qualifiers. If the ITO is unable to timely deliver to LG&E/KU an unqualified opinion or certification, the ITO shall: (i) provide LG&E/KU, on the date such opinion or certificate is delivered or due to be delivered, with a written statement describing the circumstances giving rise to any delay in delivering such opinion or certificate or any qualification to such opinion or certificate; (ii) immediately take such actions as shall be necessary to resolve such circumstances and deliver an unqualified opinion or certificate as promptly as practicable thereafter; and (iii) permit LG&E/KU and its external auditors to perform such procedures and testing of the ITO's controls and processes as are reasonably necessary for their assessment of the operating effectiveness of the ITO controls and of LG&E/KU's internal controls. In addition, the ITO expressly agrees that prior to or at the time of any significant or material change to any internal process or financial control of the ITO that would or might impact the Functions performed for or on behalf of LG&E/KU or that would, or might, have a significant or material effect on such process's mitigation of risk or upon the integrity of LG&E/KU's financial reporting or disclosures, it shall notify LG&E/KU and provide full details of the change so as to enable

LG&E/KU to review the change and evaluate its impact on its internal controls and financial reporting. LG&E/KU shall have the right to provide all such reports, opinions and certifications delivered hereunder to its attorneys, accountants and other advisors, who shall be entitled to rely thereon.

Section 13 - Independent Contractor.

The ITO shall be and remain during the Term an independent contractor with respect to LG&E/KU, and nothing contained in this Agreement shall be (a) construed as inconsistent with that status, or (b) deemed or construed to create the relationship of principal and agent or employer and employee, between the ITO and LG&E/KU or to make either the ITO or LG&E/KU partners, joint ventures, principals, fiduciaries, agents or employees of the other Party for any purpose. Neither Party shall represent itself to be an agent, partner or representative of the other Party. Neither Party shall commit or bind, nor be authorized to commit or bind, the other Party in any manner, without such other Party's prior written consent. Personnel employed, provided or used by any Party in connection herewith will not be employees of the other Party in any respect. Each Party shall have full responsibility for the actions or omissions of its employees and shall be responsible for their supervision, direction and control.

Section 14 - Taxes.

Each Party shall be responsible for the payment of its own taxes, including taxes based on its net income, employment taxes of its employees, taxes on any property it owns or leases, and sales, use, gross receipts, excise, value-added or other transaction taxes.

Section 15 - Notices.

15.1 Notices. All notices, requests, consents and other communications hereunder shall be in writing, signed by the Party giving such notice or communication, and shall be hand-delivered or sent by certified mail, postage prepaid, return receipt requested, by nationally recognized courier, to the other Party at the address set forth below, and shall be deemed given upon the earlier of the date delivered or the date delivery is refused.

If to LG&E/KU:

Louisville Gas and Electric Company

Facsimile: (____) ____-____

And

Kentucky Utilities Company

Facsimile: (____) ____-____

If to the ITO:

Southwest Power Pool, Inc.

Facsimile: (____) ____ - ____

15.2 Changes. Either Party may, from time to time, change the names, addresses, facsimile numbers or other notice information set out in Section 15.1 by notice to the other Party in accordance with the requirements of Section 15.1.

Section 16 - Key Personnel; Work Conditions.

16.1 Key Personnel. All Key Personnel shall be properly certified and licensed, if required by law, and be qualified and competent to perform the Functions. The ITO shall provide LG&E/KU prior written notice of the replacement of any Key Personnel.

16.2 Conduct of Key Personnel and Reporting. The ITO agrees to require that the Key Personnel comply with the ITO's employee code of conduct, a current copy of which has been provided to LG&E/KU. The ITO may amend its employee code of conduct at any time, provided that the ITO shall promptly provide the LG&E/KU Contract Manager with a copy of the amended employee code of conduct. If any Key Personnel commits fraud or engages in material violation of the ITO's employee code of conduct, the ITO shall promptly notify LG&E/KU as provided above and promptly remove any such Key Personnel from the performance of the Functions.

16.3 Personnel Screening. The ITO shall be responsible for conducting, in accordance with applicable law (including the Fair Credit Reporting Act, The Fair and Accurate Credit Transactions Act, and Title VII of the Civil Rights Act of 1964), adequate pre-deployment screening of the Key Personnel prior to commencing performance of the Functions. By deploying Key Personnel under this Agreement, the ITO represents that it has completed the Screening Measures (as defined below) with respect to such Key Personnel. To the extent permitted by applicable law, the term "Screening Measures" shall include, at a minimum, a background check including: (a) a Terrorist Watch Database Search; (b) a Social Security Number trace; (c) motor vehicle license and driving record check; and (d) a criminal history check, including, a criminal record check for each county/city and state/country in the employee's residence history for the maximum number of years permitted by law, up to seven (7) years. Unless prohibited by law, if, prior to or after assigning a Key Personnel to perform the Functions, the ITO learns of any information that the ITO considers would adversely affect such Key Personnel's suitability for the performance of the Functions (including based on information discovered from the Screening Measures), the ITO shall not assign the Key Personnel to the Functions or, if already assigned, promptly remove such Key Personnel from performing the Functions and immediately notify LG&E/KU of such action.

16.4 Security. LG&E/KU shall have the option of barring from LG&E/KU's property any Key Personnel whom LG&E/KU determines is not suitable in accordance with the applicable laws pursuant to Sections 16.1 through 16.3.

Section 17 - Miscellaneous Provisions.

17.1 Governing Law. This Agreement and the rights and obligations of the Parties hereunder shall be governed by and construed in accordance with the laws of Kentucky, without giving effect to its conflicts of law rules.

17.2 Consent to Jurisdiction. All Disputes by any Party in connection with or relating to this Agreement or any matters described or contemplated in this Agreement shall be instituted in the courts of the State of Kentucky or of the United States sitting in the State of Kentucky. Each Party irrevocably submits, for itself and its properties, to the exclusive jurisdiction of the courts of the State of Kentucky and of the United States sitting in the State of Kentucky in connection with any such Dispute. Each Party irrevocably and unconditionally waives any objection or defense that it may have based on improper venue or *forum non conveniens* to the conduct of any proceeding in any such courts. This provision does not adversely affect FERC's jurisdiction of this Agreement.

17.3 Amendment. This Agreement shall not be varied or amended unless such variation or amendment is agreed to by the Parties in writing and accepted by FERC. The Parties explicitly agree that neither Party shall unilaterally petition to FERC pursuant to the provisions of Sections 205 or 206 of the Federal Power Act to amend this Agreement or to request that FERC initiate its own proceeding to amend this Agreement.

17.4 Assignment. Any assignment of this Agreement or any interest herein or delegation of all or any portion of a Party's obligations, by operation of law or otherwise, by either Party without the other Party's prior written consent shall be void and of no effect; provided, however, that the ITO's consent will not be required for LG&E/KU to assign this Agreement to (a) an affiliate or (b) a successor entity that acquires all or substantially all of LG&E/KU's Transmission System whether by merger, consolidation, reorganization, sale, spin-off or foreclosure; provided, further, that such successor entity agrees to assume all of LG&E/KU's obligations hereunder from and after the date of such assignment. As a condition to the effectiveness of such assignment (i) LG&E/KU shall promptly notify the ITO of such assignment, (ii) the successor entity shall provide a confirmation to the ITO of its assumption of LG&E/KU's obligations hereunder, and (iii) LG&E/KU shall promptly reimburse the ITO, upon receipt of an invoice from the ITO, for any one-time incremental costs reasonably incurred by the ITO as a result of such assignment. For the avoidance of doubt, nothing herein shall preclude LG&E/KU from transferring any or all of its transmission facilities to another entity or disposing of or acquiring any other transmission assets.

17.5 No Third Party Beneficiaries. Except as otherwise expressly provided in this Agreement, this Agreement is made solely for the benefit of the Parties and their successors and permitted assigns and no other person shall have any rights, interest or claims hereunder or

otherwise be entitled to any benefits under or on account of this Agreement as third party beneficiary or otherwise.

17.6 Waivers. No waiver of any provision of this Agreement shall be effective unless it is signed by the Party against which it is sought to be enforced. The delay or failure by either Party to exercise or enforce any of its rights under this Agreement shall not constitute or be deemed a waiver of that Party's right thereafter to enforce those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

17.7 Severability; Renegotiation. The invalidity or unenforceability of any portion or provision of this Agreement shall in no way affect the validity or enforceability of any other portion or provision herein. If any provision of this Agreement is found to be invalid, illegal or otherwise unenforceable, the same shall not affect the other provisions hereof or the whole of this Agreement and shall not render invalid, illegal or unenforceable this Agreement or any of the remaining provisions of this Agreement. If any provision of this Agreement or the application thereof to any person, entity or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void or unenforceable, or if a modification or condition to this Agreement is imposed by such court or regulatory authority, the Parties shall in good faith negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligation of the Parties immediately prior to such holding, modification or condition.

17.8 Representations and Warranties. Each Party represents and warrants to the other Party as of the date hereof as follows:

17.8.1 Organization. It is duly organized, validly existing and in good standing under the laws of the State in which it was organized, and has all the requisite power and authority to own and operate its material assets and properties and to carry on its business as now being conducted and as proposed to be conducted under this Agreement.

17.8.2 Authority. It has the requisite power and authority to execute and deliver this Agreement and, subject to the procurement of applicable regulatory approvals, to perform its obligations under this Agreement. The execution and delivery of this Agreement by it and the performance of its obligations under this Agreement have been duly authorized by all necessary corporate action required on its part.

17.8.3 Binding Effect. Assuming the due authorization, execution and delivery of this Agreement by the other Party, this Agreement constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency or other similar applicable laws affecting creditors' rights generally, and by general principles of equity regardless of whether such principles are considered in a proceeding at law or in equity.

17.8.4 Regulatory Approval. It has obtained or will obtain by the Effective Date, any and all approvals of, and acceptances for filing by, and has given or will give any

notices to, any applicable federal or state authority, including FERC, that are required for it to execute, deliver, and perform its obligations under this Agreement.

17.8.5 No Litigation. There are no actions at law, suits in equity, proceedings, or claims pending or, to its knowledge, threatened against it before or by any federal, state, foreign or local court, tribunal, or governmental agency or authority that might materially delay, prevent, or hinder the performance by such entity of its obligations hereunder.

17.8.6 No Violation or Breach. The execution, delivery and performance by it of its obligations under this Agreement do not and shall not: (a) violate its organizational documents; (b) violate any applicable law, statute, order, rule, regulation or judgment promulgated or entered by any applicable federal or state authority, which violation could reasonably be expected to materially adversely affect the performance of its obligations under this Agreement; or (c) result in a breach of or constitute a default of any material agreement to which it is a party.

17.9 Further Assurances. Each Party agrees that it shall execute and deliver such further instruments, provide all information, and take or forbear such further acts and things as may be reasonably required or useful to carry out the purpose of this Agreement and are not inconsistent with the provisions of this Agreement.

17.10 Entire Agreement. This Agreement and the Attachments hereto set forth the entire agreement between the Parties with respect to the subject matter hereof, and supersede all prior agreements, whether oral or written, related to the subject matter of this Agreement. The terms of this Agreement and the Attachments hereto are controlling, and no parole or extrinsic evidence, including to prior drafts and drafts exchanged with any third parties, shall be used to vary, contradict or interpret the express terms, and conditions of this Agreement.

17.11 Good Faith Efforts. Each Party agrees that it shall in good faith take all reasonable actions necessary to permit it and the other Party to fulfill their obligations under this Agreement. Where the consent, agreement or approval of any Party must be obtained hereunder, such consent, agreement or approval shall not be unreasonably withheld, delayed or conditioned. Where a Party is required or permitted to act, or omit to act, based on its opinion or judgment, such opinion or judgment shall not be unreasonably exercised. To the extent that the jurisdiction of any federal or state authority applies to any part of this Agreement or the transactions or actions covered by this Agreement, each Party shall cooperate with the other Party to secure any necessary or desirable approval or acceptance of such authorities of such part of this Agreement or such transactions or actions.

17.12 Time of the Essence. With respect to all duties, obligations and rights of the Parties, time shall be of the essence in this Agreement.

17.13 Interpretation. Unless the context of this Agreement otherwise clearly requires:

17.13.1 all defined terms in the singular shall have the same meaning when used in the plural and vice versa;

17.13.2 the terms “hereof,” “herein,” “hereto” and similar words refer to this entire Agreement and not to any particular Section, Attachment or any other subdivision of this Agreement;

17.13.3 references to “Section” or “Attachment” refer to this Agreement, unless specified otherwise;

17.13.4 references to any law, statute, rule, regulation, notification or statutory provision shall be construed as a reference to the same as it applies to this Agreement and may have been, or may from time to time be, amended, modified or re-enacted;

17.13.5 references to “includes,” “including” and similar phrases shall mean “including, without limitation;”

17.13.6 the captions, section numbers and headings in this Agreement are included for convenience of reference only and shall not in any way affect the meaning or interpretation of this Agreement;

17.13.7 “or” may not be mutually exclusive, and can be construed to mean “and” where the context requires there to be a multiple rather than an alternative obligation; and

17.13.8 references to a particular entity include such entity’s successors and assigns to the extent not prohibited by this Agreement.

17.14 Joint Effort. Preparation of this Agreement has been a joint effort of the Parties and the resulting document shall not be construed more severely against one of the Parties than against the other and no provision in this Agreement is to be interpreted for or against any Party because that Party or its counsel drafted such provision. Each Party acknowledges that in executing this Agreement its has relied solely on its own judgment, belief and knowledge, and such advice as it may have received from its own counsel, and it has not been influenced by any representation or statement made by the other Party or its counsel not contained in this Agreement.

17.15 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, binding upon LG&E/KU and the ITO, notwithstanding that LG&E/KU and the ITO may not have executed the same counterpart.

The Parties have caused this Independent Transmission Organization Agreement to be executed by their duly authorized representatives as of the dates shown below.

LOUISVILLE GAS AND ELECTRIC COMPANY

Name:
Title:
Date:

KENTUCKY UTILITIES COMPANY

Name:
Title:
Date:

SOUTHWEST POWER POOL, INC.

Name:
Title:
Date:

**ATTACHMENT A
TO THE INDEPENDENT TRANSMISSION ORGANIZATION AGREEMENT**

DESCRIPTION OF THE FUNCTIONS

The Functions are as follows:

[TBD]

**ATTACHMENT B
TO THE INDEPENDENT TRANSMISSION ORGANIZATION AGREEMENT**

LIST OF KEY PERSONNEL

[To be provided by the ITO]

RELIABILITY COORDINATOR AGREEMENT

BETWEEN

**LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY**

AND

TENNESSEE VALLEY AUTHORITY

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Attachment A - Description of the Functions

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RELIABILITY COORDINATOR AGREEMENT

This Reliability Coordinator Agreement (this "Agreement") is entered into this ___th day of September, 2005, between Louisville Gas and Electric Company and Kentucky Utilities Company, corporations organized pursuant to the laws of the State of Kentucky (collectively, "LG&E/KU"), and Tennessee Valley Authority, a federal government corporation created by the Tennessee Valley Authority Act of 1933 (16 U.S.C. §§ 831 *et seq.*) (the "Reliability Coordinator"). LG&E/KU and the Reliability Coordinator may sometimes be individually referred to herein as a "Party" and collectively as the "Parties."

WHEREAS, LG&E/KU owns, among other things, an integrated electric transmission system ("Transmission System"), over which the Midwest Independent Transmission System Operator Inc. ("Midwest ISO") currently provides open access transmission service to customers in the LG&E/KU Control Area (as defined in the LG&E/KU Open Access Transmission Tariff ("the OATT"));

WHEREAS, as part of LG&E/KU's proposal to withdraw its participation in the Midwest ISO, LG&E/KU desires to provide non-discriminatory open access transmission service pursuant to the OATT;

WHEREAS, LG&E/KU desires to have the Reliability Coordinator perform certain key reliability functions under the OATT, including: (i) security coordination (as defined in the relevant North American Electric Reliability Council ("NERC") Version 0 standards); (ii) transmission planning and regional coordination; (iii) approving LG&E/KU's maintenance schedules; (iv) identifying and mandating upgrades required to maintain reliability; (v) non-binding recommendations relating to economic transmission system upgrades; and (vi) administration of any seams agreements;

WHEREAS, LG&E/KU desires to have the Reliability Coordinator perform all functions identified for reliability coordinators under Policy 9 and Appendices 9B-9D of NERC's Operating Policies;

WHEREAS, LG&E/KU will retain all remaining NERC obligations, including obligations associated with its status as Control Area operator and the provider of transmission services under the OATT, and will take action necessary to protect reliability of the Transmission System, including circumstances where such action is necessary to protect, prevent or manage emergency situations;

WHEREAS, the Reliability Coordinator is: (i) a federal government corporation charged with providing electric power, flood control, navigational control, agricultural and industrial development, and other services to a region including Tennessee and parts of six contiguous states; and (ii) certified as a reliability coordinator by NERC;

WHEREAS, the Reliability Coordinator is independent from LG&E/KU, possesses the necessary competence and experience to perform the functions provided for hereunder and is willing to perform such functions under the terms and conditions agreed upon by the Parties as set forth in this Agreement; and

WHEREAS, as part of LG&E/KU's goal to maintain the requisite level of independence in the operation of its Transmission System to prevent any exercise of transmission market power, LG&E/KU intends to enter into a Independent Transmission Organization Agreement (the "Independent Transmission Organization Agreement") with [_____] (the "Independent Transmission Organization"), pursuant to which the Independent Transmission Organization will provide to LG&E/KU certain key transmission-related functions under the OATT.

NOW THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

Section 1 - Scope of Functions; Standards of Performance.

1.1 Functions. The Reliability Coordinator shall perform the functions described in Attachment A (the "Functions") during the Term in accordance with the terms and conditions of this Agreement.

1.2 Coordination with Independent Transmission Organization. In conjunction with its performance of the Functions, the Reliability Coordinator shall coordinate and cooperate with the Independent Transmission Organization and provide, subject to the terms and conditions of this Agreement, including the Reliability Coordinator's obligations with respect to Confidential Information in Section 10, any information that the Independent Transmission Organization may reasonably request in order to carry out its functions under the Independent Transmission Organization Agreement.

1.3 Expansion. Nothing in this Agreement is intended to prevent the Reliability Coordinator from entering into other agreements with one or more third party transmission providers or operators to perform functions for such transmission providers or operators that are the same or similar to the Functions performed hereunder; provided, however, that the Reliability Coordinator does not breach any of its obligations under this Agreement (including its obligations with respect to Confidential Information in Section 10) by entering into or performing any of its obligations under such other agreements; provided, further, that any such other agreements shall provide for LG&E/KU to be reimbursed in an equitable manner for any capital expenditures made pursuant to this Agreement as well as for LG&E/KU's ongoing operations and maintenance expenditures to the extent such capital expenditures and operations and maintenance expenditures are used by the Reliability Coordinator in performing functions under such other agreements.

1.4 Reliability Coordinator Performance. The Reliability Coordinator shall perform its obligations (including the Functions) under this Agreement in accordance with (a) the NERC functional model, (b) Good Utility Practice, (c) all applicable reliability criteria, policies,

standards, rules, regulations and other requirements of NERC and any applicable regional reliability council or their successors, (d) LG&E/KU's specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements specified in this Section 1.4), (e) the OATT, and (f) all applicable laws and the requirements of federal and state regulatory authorities.

1.5 LG&E/KU Performance. LG&E/KU shall perform its obligations under this Agreement in accordance with (a) the NERC functional model and (b) Good Utility Practice.

Section 2 - Independence.

2.1 Key Personnel. All Functions shall be performed by employees of the Reliability Coordinator identified in Attachment B (the "Key Personnel"). No Key Personnel shall also be employed by LG&E/KU or any of its Affiliates (as defined in 18 C.F.R. § 35.34(b)(3) of FERC's regulations). The Reliability Coordinator and the Key Personnel shall be, and shall remain throughout the Term, Independent (as defined below) of LG&E/KU, its Affiliates and any Tariff Participant (as defined below). For purposes of this Agreement: (a) "Independent" shall mean that the Reliability Coordinator and the Key Personnel are not subject to the control of LG&E/KU, its Affiliates or any Tariff Participant, and have full decision-making authority to perform all Functions in accordance with the provisions of this Agreement. Any Key Personnel owning securities in LG&E/KU, its Affiliates or any Tariff Participant shall divest such securities within six (6) months of first being assigned to perform such Functions, provided that nothing in this Section 2.1 shall be interpreted or construed to preclude any such Key Personnel from indirectly owning securities issued by LG&E/KU, its Affiliates or any Tariff Participant through a mutual fund or similar arrangement (other than a fund or arrangement specifically targeted toward the electric industry or the electric utility industry or any segment thereof) under which the Key Personnel does not control the purchase or sale of such securities. Participation by any Key Personnel in a pension plan of LG&E/KU, its Affiliates or any Tariff Participant shall not be deemed to be a direct financial interest if the plan is a defined-benefit plan that does not involve the Key Personnel's ownership of the securities; (b) "Tariff Participant" shall mean LG&E/KU Transmission System customers, interconnection customers, wholesale customers, affected transmission providers, any Market Participant (as defined in 18 C.F.R. § 35.34(a)(2) of FERC's regulations) and similarly qualified third parties within the LG&E/KU Control Area.

2.2 Standards of Conduct Treatment. All Key Personnel shall be treated, for purposes of the FERC's Standards of Conduct, as transmission/reliability employees. All restrictions relating to information sharing and other relationships between merchant employees and transmission/reliability employees shall apply to the Key Personnel.

Section 3 - Compensation, Billing and Payment.

[COMPENSATION, BILLING AND PAYMENT PROVISIONS WILL BE
NEGOTIATED WITH TVA]

Section 4 - Effective Date; Term; Termination; Termination Fees; Transition Assistance Services.

4.1 Effective Date; Term. This Agreement shall become effective on the date (the “Effective Date”) which is thirty (30) days after FERC’s acceptance of this Agreement and shall continue for an initial term of four (4) years from the Effective Date (the “Initial Term”). After the conclusion of the Initial Term, this Agreement shall automatically continue for successive additional one-year terms (each, a “Subsequent Term”) unless and until terminated pursuant to the termination provisions hereof. The Initial Term and any Subsequent Terms, together with the Transition Assistance Period, if any, shall collectively be referred to as the “Term.”

4.2 Mutually-Agreed Termination. Subject to Section 4.5, this Agreement may be terminated by mutual agreement of the Parties at any time during the Term (other than any Transition Assistance Period).

4.3 Termination at End of Term. Subject to Section 4.5, either Party may terminate this Agreement at the end of the Initial Term or any Subsequent Term upon six (6) months prior written notice to the other Party.

4.4 Termination for Cause.

4.4.1 Termination by Either Party. Subject to Section 4.5, either Party may terminate this Agreement effective immediately upon prior written notice thereof to the other Party if:

(g) Material Failure or Default. The other Party fails, in any material respect, to comply with, observe or perform, or defaults, in any material respect, in the performance of the terms and conditions of this Agreement, and such failure or default remains uncured for thirty (30) days after notice thereof, provided that such failure or default is susceptible to cure and the other Party is exercising reasonable diligence to cure such failure or default;

(h) Pattern of Failure. It determines, in its sole discretion, that there has been a pattern of failure by the other Party to comply with the standards of performance required under this Agreement;

(i) Gross Negligence, Willful Misconduct or Fraud. The other Party commits gross negligence, willful misconduct or fraud in the performance of its obligations under this Agreement;

(j) Material Misrepresentation. Any representation made by the other Party hereunder shall be false or incorrect in any material respect when made and such misrepresentation is not cured within thirty (30) days of such discovery or is incapable of cure;

(k) Bankruptcy. The other Party: (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it; (ii) makes an assignment or any general arrangement for the benefit of creditors; (iii) otherwise becomes bankrupt or insolvent (however evidenced); (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets; or (v) is generally unable to pay its debts as they fall due; or

(l) Dissolution. The other Party dissolves or is dissolved or its legal existence is otherwise terminated.

4.4.2 Termination by LG&E/KU. Subject to Section 4.5, LG&E/KU may terminate this Agreement effective immediately upon prior written notice thereof to the Reliability Coordinator if:

(m) Not Independent. FERC determines that the Reliability Coordinator is not Independent; or

(n) No Certification. The Reliability Coordinator: (i) fails to obtain certification from the East Central Area Reliability Coordination Agreement (“ECAR”) as a reliability coordinator; or (ii) loses its NERC or ECAR certification once obtained.

4.5 FERC Approval. No termination of this Agreement shall be effective until approved by FERC.

4.6 Return of Materials. Upon any termination of this Agreement or the conclusion of any Transition Assistance Period pursuant to Section 4.8.1, whichever is later, the Reliability Coordinator shall timely and orderly turn over to LG&E/KU all materials that were prepared or developed prior thereto pursuant to this Agreement, and return or destroy, at the option of LG&E/KU, all Data and other information supplied by LG&E/KU to the Reliability Coordinator or created by the Reliability Coordinator on behalf of LG&E/KU.

4.7 Survival. All provisions of this Agreement which are by their nature or terms intended to survive the termination of this Agreement, including the obligations set forth in Section 7 and Section 10, shall survive termination of this Agreement.

4.8 Transition Assistance Services.

4.8.1 Transition Assistance Period. Commencing on the date this Agreement is terminated and continuing for up to six (6) months thereafter (the “Transition Assistance Period”), the Reliability Coordinator shall (a) provide the Functions (and any replacements thereof or substitutions therefor), to the extent LG&E/KU requests such Functions to be performed during the Transition Assistance Period, and (b) cooperate

with LG&E/KU in the transfer of the Functions (collectively, the “Transition Assistance Services”).

4.8.2 Transition Assistance Services. The Reliability Coordinator shall, upon LG&E/KU’s request, provide the Transition Assistance Services during the Transition Assistance Period at the Reliability Coordinator’s actual cost for such services. The quality and level of performance of the Functions by the Reliability Coordinator during the Transition Assistance Period shall not be degraded. After the expiration of the Transition Assistance Period, the Reliability Coordinator shall answer questions from LG&E/KU regarding the Functions on an “as needed” basis at the Reliability Coordinator’s then-standard billing rates.

4.8.3 Key Personnel. During the Transition Assistance Period, the Reliability Coordinator shall not terminate, reassign or otherwise remove any Key Personnel without providing LG&E/KU thirty (30) days’ prior notice of such termination, reassignment or removal unless such employee (a) voluntarily resigns from the Reliability Coordinator, (b) is dismissed by the Reliability Coordinator for cause, or (c) dies or is unable to work due to his or her disability.

Section 5 - Data Management.

5.1 Supply of Data. During the Term, LG&E/KU shall supply to the Reliability Coordinator, and/or grant the Reliability Coordinator access to all Data that the Reliability Coordinator reasonably requires to perform the Functions. The Parties shall agree upon the initial format and manner in which such Data shall be provided. For purposes of this Agreement, “Data” means all information, text, drawings, diagrams, images or sounds which are embodied in any electronic or tangible medium and which (a) are supplied or in respect of which access is granted to the Reliability Coordinator by LG&E/KU under this Agreement, which shall be LG&E/KU’s Data, (b) are prepared, stored or transmitted by the Reliability Coordinator solely on behalf of LG&E/KU, which shall be LG&E/KU’s Data; or (c) are compiled by the Reliability Coordinator by aggregating Data owned by LG&E/KU and Data owned by third parties, which shall be Reliability Coordinator’s Data.

5.2 Property of Each Party. Each Party acknowledges that the other Party’s Data and the other Party’s software, base data models and operating procedures for software or base data models (“Processes”) are the property of such other Party and agrees that it will do nothing inconsistent with such ownership, including preserving all intellectual property and/or proprietary rights in such other Party’s Data and Processes as provided in Section 6.

5.3 Data Integrity. Each Party shall reasonably assist the other Party in establishing measures to preserve the integrity and prevent any corruption or loss of Data, and the Parties shall reasonably assist each other in the recovery of any corrupted or lost Data. Each Party shall retain and preserve any of the other Party’s Data that are supplied to it during the Term, and shall exercise commercially reasonable efforts to preserve the integrity of the other Party’s Data that are supplied to it during the Term, in order to prevent any corruption or loss of the other Party’s Data.

5.4 Confidentiality. Each Party's Data shall be treated as Confidential Information in accordance with the provisions of Section 10.

Section 6 - Intellectual Property.

6.1 Pre-Existing Intellectual Property. Each Party shall own (and continue to own) all trade secrets, Processes and designs and other intellectual property that it owned prior to entering this Agreement, including any enhancements thereto ("Pre-Existing Intellectual Property"). Each Party acknowledges the ownership of the other Party's Pre-Existing Intellectual Property and agrees that it will do nothing inconsistent with such ownership. Each Party agrees that nothing in this Agreement shall give it any right, title or interest in the other Party's Pre-Existing Intellectual Property, other than the rights set forth in this Agreement. The Reliability Coordinator's Pre-Existing Intellectual Property shall include the Reliability Coordinator Retained Rights set forth in Section 6.3. LG&E/KU's Pre-Existing Intellectual Property shall include LG&E/KU Retained Rights set forth in Section 6.4.

6.1.1 Exclusion. Nothing in this Agreement shall prevent either Party from using general techniques, ideas, concepts and know-how gained by its employees during the performance of its obligations under this Agreement in the furtherance of its normal business, to the extent that it does not result in disclosure of the other Party's Data or any data generated from the other Party's Data or other Confidential Information or an infringement by LG&E/KU or the Reliability Coordinator of any intellectual property right. For the avoidance of doubt, the use by a Party of such general techniques, ideas, concepts and know-how gained by its employees during the performance of its obligations under this Agreement shall not be deemed to be an infringement of the other Party's intellectual property rights so long as such matters are retained in the unaided memories of such employees and any Confidential Information is treated in accordance with the provisions of Section 10.

6.2 Jointly-Owned Intellectual Property. Except for the Data described in Section 5.1, all deliverables, whether software or otherwise, to the extent originated and prepared by the Reliability Coordinator exclusively in connection with the performance of its obligations under this Agreement shall be, upon payment of all amounts that may be due from LG&E/KU to the Reliability Coordinator, jointly owned by LG&E/KU and Reliability Coordinator ("Jointly-Owned Intellectual Property"). Each Party shall have the right to use the Jointly-Owned Intellectual Property without any right or duty or accounting to the other Party, except as provided in this Section 6.2. Upon the Reliability Coordinator using, transferring or licensing Jointly-Owned Intellectual Property for or to a third party, the Reliability Coordinator shall reimburse LG&E/KU in an equitable manner as determined by the Parties in good faith for the actual amounts paid by LG&E/KU to the Reliability Coordinator that relate to such Jointly-Owned Intellectual Property. Except as stated in the foregoing sentence, the Reliability Coordinator shall have no other obligation to account to LG&E/KU for any such use, transfer, license, disclosure, copying, modifying or enhancing of the Jointly-Owned Intellectual Property. Notwithstanding anything herein to the contrary, LG&E/KU may use the Jointly-Owned Intellectual Property for its internal business purposes, including licensing or transferring its

interests therein to a third party for purposes of operating or performing functions in connection with LG&E/KU's transmission business.

6.3 Reliability Coordinator Retained Rights. The Reliability Coordinator shall retain all right, title and interest in its proprietary know-how, concepts, techniques, processes, materials and information that were or are developed entirely independently of this Agreement ("Reliability Coordinator Retained Rights"), whether or not such Reliability Coordinator Retained Rights are embodied in a deliverable, whether software or otherwise originated and prepared by the Reliability Coordinator in connection with the performance of its obligations under this Agreement. With respect to the Reliability Coordinator Retained Rights embodied in any deliverable, whether software or otherwise originated and prepared by the Reliability Coordinator in connection with the performance of its obligations under this Agreement, LG&E/KU is hereby granted a nonexclusive, perpetual, worldwide, royalty-free, fully paid-up license under such Reliability Coordinator Retained Rights to use such deliverable for LG&E/KU's internal business purposes only, including licensing or transferring its interests therein to an Affiliate of LG&E/KU or a third party for purposes of operating or performing functions in connection with LG&E/KU's transmission business.

6.4 LG&E/KU Retained Rights. LG&E/KU shall retain all right, title and interest in its proprietary know-how, concepts, techniques, processes, materials and information that were or are developed entirely independently of this Agreement ("LG&E/KU Retained Rights"), whether or not such LG&E/KU Retained Rights are embodied in a deliverable, whether software or otherwise originated and prepared by LG&E/KU in connection with the performance of its obligations under this Agreement. With respect to LG&E/KU Retained Rights embodied in any software or otherwise originated and prepared by LG&E/KU in connection with the performance of its obligations under this Agreement, the Reliability Coordinator is hereby granted a nonexclusive, worldwide, royalty-free, fully paid-up license under such LG&E/KU Retained Rights to use such deliverable for the Reliability Coordinator's performance of its obligations under this Agreement only; provided that LG&E/KU shall not be liable in any way for the use of or reliance on such Reliability Coordinator Retained Rights by the Reliability Coordinator's Affiliate or third party for any purpose whatsoever.

6.5 Reliability Coordinator Non-Infringement; Indemnification. The Reliability Coordinator warrants to LG&E/KU that all Reliability Coordinator's Data and Processes, Reliability Coordinator Pre-Existing Intellectual Property, Reliability Coordinator Retained Rights, and deliverables prepared, produced or first developed by the Reliability Coordinator in connection with the performance of its obligations under this Agreement shall not infringe on any third party patent, copyright, trade secret or other third party proprietary rights. The Reliability Coordinator shall defend, hold harmless and indemnify LG&E/KU and its Affiliates and their respective employees, officers, directors, principals, owners, partners, shareholders, agents, representatives, consultants and subcontractors (collectively, "LG&E/KU Representatives") from and against all claims, lawsuits, penalties, awards, judgments, court arbitration costs, attorneys' fees, and other reasonable out-of-pocket costs incurred in connection with such claims or lawsuits based upon the actual or alleged infringement of any of the foregoing rights; provided that LG&E/KU gives prompt written notice of any such claim or action to the Reliability Coordinator, permits the Reliability Coordinator to control the defense of

any such claim or action with counsel of its choice, and cooperates with the Reliability Coordinator in the defense thereof; and further provided that such claim or action is not based on any alteration, modification or combination of the deliverable with any item, information or process not provided by the Reliability Coordinator, where there would be no infringement in the absence of such alteration, modification or combination. If any infringement action results in a final injunction against LG&E/KU or the LG&E/KU Representatives with respect to Reliability Coordinator's Data and Processes, Reliability Coordinator Pre-Existing Intellectual Property, Reliability Coordinator Retained Rights or deliverables prepared, produced or first developed by the Reliability Coordinator in connection with the performance of its obligations under this Agreement or in the event the use of such matters or any part thereof, is, in such lawsuit, held to constitute infringement, the Reliability Coordinator agrees that it shall, at its option and sole expense, either (a) procure for LG&E/KU or the LG&E/KU Representatives the right to continue using the infringing matter, or (b) replace the infringing matter with non-infringing items of equivalent functionality or modify the same so that it becomes non-infringing and retains its full functionality. If the Reliability Coordinator is unable to accomplish (a) or (b) above, the Reliability Coordinator shall reimburse LG&E/KU for all costs and fees paid by LG&E/KU to the Reliability Coordinator for the infringing matter. The above constitutes the Reliability Coordinator's complete liability for claims of infringement relating to any of the Reliability Coordinator's Data and Processes, Reliability Coordinator Pre-Existing Intellectual Property, Reliability Coordinator Retained Rights and deliverables prepared, produced or first developed by the Reliability Coordinator in connection with the performance of its obligations under this Agreement.

6.6 LG&E/KU Non-Infringement; Indemnification. LG&E/KU warrants to the Reliability Coordinator that, to its knowledge, all LG&E/KU's Data (except for Data created by the Reliability Coordinator on behalf of LG&E/KU) and Processes, LG&E/KU Pre-Existing Intellectual Property, and LG&E/KU Retained Rights shall not infringe on any third party patent, copyright, trade secret or other third party proprietary rights. LG&E/KU shall defend, hold harmless and indemnify the Reliability Coordinator and its Affiliates and their respective employees, officers, directors, principals, owners, partners, shareholders, agents, representatives, consultants and subcontractors against all claims, lawsuits, penalties, awards, judgments, court costs, and arbitration costs, attorneys' fees, and other reasonable out-of-pocket costs incurred in connection with such claims or lawsuits based upon the actual or alleged infringement of any of the foregoing rights; provided that the Reliability Coordinator gives prompt written notice of any such claim or action to LG&E/KU, permits LG&E/KU to control the defense of any such claim or action with counsel of its choice, and cooperates with LG&E/KU in the defense thereof; and further provided that such claim or action is not based on any alteration, modification or combination of the deliverable with any item, information or process not provided by LG&E/KU to the Reliability Coordinator, where there would be no infringement in the absence of such alteration, modification or combination. The above constitutes LG&E/KU's complete liability for claims of infringement relating to any of the LG&E/KU's Data and Processes, LG&E/KU Pre-Existing Intellectual Property and LG&E/KU Retained Rights.

Section 7 - Indemnification.

7.1 Indemnification by the Parties. Each Party (“Indemnifying Party”) shall indemnify, release, defend, reimburse and hold harmless the other Party and its Affiliates, and their respective directors, officers, employees, principals, representatives and agents (collectively, the “Indemnified Parties”) from and against any and all claims, demands, liabilities, losses, causes of action, awards, fines, penalties, litigation, administrative proceedings and investigations, costs and expenses, and attorney fees (each, an “Indemnifiable Loss”) asserted against or incurred by any of the Indemnified Parties arising out of, resulting from or based upon (a) a breach by the Indemnifying Party of its obligations under this Agreement, (b) the acts or omissions of the Indemnifying Party and its Affiliates and their respective directors, officers, employees, principals, representatives, agents or contractors during the Term, or (c) claims of bodily injury or death of any person or damage to real and/or tangible personal property caused by the negligence or willful misconduct of the Indemnifying Party and its Affiliates and their respective directors, officers, employees, principals, representatives, agents or contractors during the Term.

7.2 No Consequential Damages. Neither Party shall be liable to the other Party for, nor will the measure of damages include, any indirect, incidental, exemplary, punitive, special or consequential damages.

7.3 Cooperation Regarding Claims. If an Indemnified Party receives notice or has knowledge of any Indemnifiable Loss that may result in a claim for indemnification by such Indemnified Party against an Indemnifying Party pursuant to this Section 7, such Indemnified Party shall as promptly as possible give the Indemnifying Party notice of such Indemnifiable Loss, including a reasonably detailed description of the facts and circumstances relating to such Indemnifiable Loss, a complete copy of all notices, pleadings and other papers related thereto, and in reasonable detail the basis for its claim for indemnification with respect thereto. Failure to promptly give such notice or to provide such information and documents shall not relieve the Indemnifying Party from the obligation hereunder to respond to or defend the Indemnified Party against such Indemnifiable Loss unless such failure shall materially diminish the ability of the Indemnifying Party to respond to or to defend the Indemnified Party against such Indemnifiable Loss. The Indemnifying Party, upon its acknowledgment in writing of its obligation to indemnify the Indemnified Party in accordance with this Section 7, shall be entitled to assume the defense or to represent the interest of the Indemnified Party with respect to such Indemnifiable Loss, which shall include the right to select and direct legal counsel and other consultants, appear in proceedings on behalf of such Indemnified Party and to propose, accept or reject offers of settlement, all at its sole cost. If and to the extent that any such settlement is reasonably likely to involve injunctive, equitable or prospective relief or materially and adversely affect the Indemnified Party’s business or operations other than as a result of money damages or other money payments, then such settlement will be subject to the reasonable approval of the Indemnified Party. Nothing herein shall prevent an Indemnified Party from retaining its own legal counsel and other consultants and participating in its own defense at its own cost and expense.

Section 8 - Contract Managers; Dispute Resolution.

8.1 LG&E/KU Contract Manager. LG&E/KU shall appoint an individual (the “LG&E/KU Contract Manager”) who shall serve as the primary LG&E/KU representative under this Agreement. The LG&E/KU Contract Manager shall (a) have overall responsibility for managing and coordinating the performance of LG&E/KU’s obligations under this Agreement, and (b) be authorized to act for and on behalf of LG&E/KU with respect to all matters relating to this Agreement. Notwithstanding the foregoing, the LG&E/KU Contract Manager may, upon notice to the Reliability Coordinator, delegate such of his or her responsibilities to other LG&E/KU employees, as the LG&E/KU Contract Manager deems appropriate.

8.2 Reliability Coordinator Contract Manager. The Reliability Coordinator shall appoint, among the Key Personnel identified in Attachment B, an individual (the “Reliability Coordinator Contract Manager”) who shall serve as the primary Reliability Coordinator representative under this Agreement. The Reliability Coordinator Contract Manager shall (a) have overall responsibility for managing and coordinating the performance of Reliability Coordinator obligations under this Agreement, and (b) be authorized to act for and on behalf of the Reliability Coordinator with respect to all matters relating to this Agreement. Notwithstanding the foregoing, the Reliability Coordinator Contract Manager may, upon notice to LG&E/KU, delegate such of his or her responsibilities to other Key Personnel, as the Reliability Coordinator Contract Manager deems appropriate.

8.3 Resolution of Disputes. Any dispute, claim or controversy between the Parties arising out of or relating to this Agreement (each, a “Dispute”) shall be resolved in accordance with the procedures set forth in this Section 8.3; provided, however, that this Section 8.3 shall not apply to Disputes arising from or relating to confidentiality or intellectual property rights (in which case either Party shall be free to seek available legal or equitable remedies).

8.3.1 Notice of Dispute. Each Party shall provide written notice to the other party of any Dispute, including a description of the nature of the Dispute.

8.3.2 Dispute Resolution by Contract Managers. Any Dispute shall first be referred to the LG&E/KU Contract Manager and the Reliability Coordinator Contract Manager, who shall negotiate in good faith to resolve the Dispute.

8.3.3 Dispute Resolution by Executive Management Representatives. If the Dispute is not resolved within fifteen (15) days of being referred to the LG&E/KU Contract Manager and the Reliability Coordinator Contract Manager pursuant to Section 8.3.2, then each Party shall have five (5) days to appoint an executive management representative who shall negotiate in good faith to resolve the Dispute.

8.3.4 Exercise of Remedies at Law or in Equity. If the Parties’ executive management representatives are unable to resolve the Dispute within thirty (30) days of their appointment, then each Party shall be free to pursue any remedies available to it and to take any action in law or equity that it believes necessary or convenient in order to

enforce its rights or cause to be fulfilled any of the obligations or agreements of the other Party.

8.4 Rights Under FPA Unaffected. Nothing in this Agreement is intended to limit or abridge any rights that LG&E/KU may have to file or make application before FERC under Section 205 of the Federal Power Act to revise any rates, terms or conditions of the OATT.

8.5 Statute of Limitations; Continued Performance. The Parties agree to waive the applicable statute of limitations during the period of time that the Parties are seeking to resolve a Dispute pursuant to Sections 8.3.2 and 8.3.3, and the statute of limitations shall be tolled for such period. The Parties shall continue to perform their obligations under this Agreement during the resolution of a Dispute.

Section 9 - Insurance.

9.1 Requirements. The Reliability Coordinator shall provide and maintain during the Term insurance coverage in the form and with minimum limits of liability as specified below, unless otherwise agreed to by the Parties.

9.1.1 Worker's compensation insurance with statutory limits, and employer's liability insurance with limits of not less than \$1,000,000.

9.1.2 Commercial general liability or equivalent insurance with a combined single limit of not less than \$10,000,000 per occurrence. Such insurance shall include products/completed operations liability, owners protective, blanket contractual liability, personal injury liability and broad form property damage.

9.1.3 Comprehensive automobile liability insurance with a combined single limit of not less than \$2,000,000 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles, and contractual liability.

9.1.4 Errors & Omissions Insurance in the amount of \$5,000,000.

9.2 Insurance Matters. All insurance coverages required pursuant to Section 9.1 shall (a) be provided by insurance companies that have a Best Rating of A or higher, (b) provide that LG&E/KU is an additional insured (other than the workers' compensation insurance), (c) provide that LG&E/KU will receive at least thirty (30) days written notice from the insurer prior to the cancellation or termination of or any material change in any such insurance coverages, and (d) include waivers of any right of subrogation of the insurers thereunder against LG&E/KU. Certificates of insurance evidencing that the insurance required by Section 9.1 is in force shall be delivered by the Reliability Coordinator to LG&E/KU prior to the Effective Date.

9.3 Compliance. The Reliability Coordinator shall not commence performance of any Functions until all of the insurance required pursuant to Section 9.1 is in force, and the necessary documents have been received by LG&E/KU pursuant to Section 9.2. Compliance with the insurance provisions in Section 9 is expressly made a condition precedent to the

obligation of LG&E/KU to make payment for any Functions performed by the Reliability Coordinator under this Agreement. The minimum insurance requirements set forth above shall not vary, limit or waive the Reliability Coordinator's legal or contractual responsibilities or liabilities under this Agreement.

Section 10 - Confidentiality.

10.1 Definition of Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean, in respect of each Party, all information and documentation of such Party, whether disclosed to or accessed by the other Party in connection with this Agreement; provided, however, that the term "Confidential information" shall not include information that: (a) is independently developed by the recipient, as demonstrated by the recipient's written records, without violating the disclosing Party's proprietary rights; (b) is or becomes publicly known (other than through unauthorized disclosure); (c) is disclosed by the owner of such information to a third party free of any obligation of confidentiality; (d) is already known by the recipient at the time of disclosure, as demonstrated by the recipient's written records, and the recipient has no obligation of confidentiality other than pursuant to this Agreement or any confidentiality agreements between the Parties entered into before the Effective Date; or (e) is rightfully received by a Party free of any obligation of confidentiality.

10.2 Protection of Confidential Information. All Confidential Information shall be held in confidence by the recipient to the same extent and in at least the same manner as the recipient protects its own confidential information, and such Confidential Information shall be used only for purposes of performing obligations under this Agreement. Neither Party shall disclose, publish, release, transfer or otherwise make available Confidential Information of, or obtained from, the other Party in any form to, or for the use or benefit of, any person or entity without the disclosing Party's prior written consent. Each Party shall be permitted to disclose relevant aspects of the other Party's Confidential Information to its officers, directors, agents, professional advisors, contractors, subcontractors and employees and to the officers, directors, agents, professional advisors, contractors, subcontractors and employees of its Affiliates, to the extent that such disclosure is reasonably necessary for the performance of its duties and obligations or the determination, preservation or exercise of its rights and remedies under this Agreement; provided, however, that the recipient shall take all reasonable measures to ensure that Confidential Information of the disclosing Party is not disclosed or duplicated in contravention of the provisions of this Agreement by such officers, directors, agents, professional advisors, contractors, subcontractors and employees. The obligations in this Section 10 shall not restrict any disclosure pursuant to any local, state or federal governmental agency or authority if such release is necessary to comply with valid laws, governmental regulations or final orders of regulatory bodies or courts; provided that the recipient shall give prompt notice to the disclosing Party in reasonable time to exercise whatever legal rights the disclosing Party may have to prevent or limit such disclosure. Further, the recipient shall cooperate with the disclosing Party in preventing or limiting such disclosure.

Section 11 - Force Majeure.

11.1 Neither Party shall be liable to the other Party for any failure or delay of performance hereunder due to causes beyond such Party's reasonable control, which by the exercise of reasonable due diligence such Party is unable, in whole or in part, to prevent or overcome (a "Force Majeure"), including acts of God, act of the public enemy, fire, explosion, vandalism, cable cut, storm or other catastrophes, weather impediments, national emergency, insurrections, riots, wars or any law, order, regulation, direction, action or request of any government or authority or instrumentality thereof. Neither Party shall be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure, except for the obligation to pay any amount when due, provided that the affected Party:

11.1.1 gives notice to the other Party of the event or circumstance giving rise to the event of Force Majeure;

11.1.2 affords the other Party reasonable access to information about the event or circumstances giving rise to the event of Force Majeure;

11.1.3 takes commercially reasonable steps to restore its ability to perform its obligations hereunder as soon as reasonably practicable, provided that the affected Party shall not be obligated to take any steps that are not otherwise in accordance with Good Utility Practice; and

11.1.4 exercises commercially reasonable efforts to perform its obligations hereunder.

Section 12 - Reporting; Audit.

12.1 Reporting. The Reliability Coordinator shall make regular reports to FERC and LG&E/KU's retail regulators as may be required by applicable law and regulations or as may be requested by such authorities.

12.2 Books and Records. The Reliability Coordinator shall maintain full and accurate books and records pertinent to this Agreement, and the Reliability Coordinator shall maintain such books and records for three (3) years following the expiration or early termination of this Agreement or longer if necessary to resolve a pending Dispute. LG&E/KU will have the right, at reasonable times and under reasonable conditions, to inspect and audit, or have an independent third party inspect and audit, the Reliability Coordinator's operations and books to (a) ensure compliance with this Agreement, (b) verify any cost claims or other amounts due hereunder, and (c) validate the Reliability Coordinator's internal controls with respect to the performance of the Functions. The Reliability Coordinator shall maintain an audit trail, including all original transaction records, of all financial and non-financial transactions resulting from or arising in connection with this Agreement as may be necessary to enable LG&E/KU or the independent third party, as applicable, to perform the foregoing activities. LG&E/KU shall be responsible for any costs and expenses incurred in connection with any such inspection or audit, unless such

inspection or audit discovers that LG&E/KU was charged inappropriate or incorrect costs and expenses, in which case, the Reliability Coordinator shall be responsible for a percentage of the costs and expenses incurred in connection with such inspection or audit equal to the percentage variance by which LG&E/KU was charged inappropriate or incorrect costs and expenses. The Reliability Coordinator shall provide reasonable assistance necessary to enable LG&E/KU or an independent third party, as applicable, and shall not be entitled to charge LG&E/KU for any such assistance. Amounts incorrectly or inappropriately invoiced by the Reliability Coordinator to LG&E/KU, whether discovered prior to or subsequent to payment by LG&E/KU, shall be adjusted or reimbursed to LG&E/KU by the Reliability Coordinator within twenty (20) days of notification by LG&E/KU to the Reliability Coordinator of the error in the invoice.

12.3 Regulatory Compliance. The Reliability Coordinator shall comply with all requests by LG&E/KU to the extent considered reasonably necessary by LG&E/KU to comply with the Sarbanes-Oxley Act or other regulatory requirements. Notwithstanding the generality of the foregoing, the Reliability Coordinator shall provide to LG&E/KU, at LG&E/KU's request, all reports reasonably deemed necessary or desirable by LG&E/KU to support the review, audit and preparation of audit reports relating to the Functions and LG&E/KU's financial statements and reports, including (a) providing LG&E/KU with an executed copy of a report and opinion, from independent auditors of national reputation engaged and compensated by the Reliability Coordinator, of an examination in accordance with SAS No. 70, Type II, of the Reliability Coordinator's controls and systems relating to the performance of the Functions, as of and for the six (6)-month period ending at the end of the first (1st) and third (3rd) calendar quarter of each year of the Term, which shall be delivered not later than forty-five (45) days after the end of each such quarter, and (b) providing to LG&E/KU (and exercising commercially reasonable efforts to do so within twenty (20) days of LG&E/KU's request, but in no event more than thirty (30) days from said request) a certificate of an officer of the Reliability Coordinator certifying that there has been no change in such controls and systems or the effective operation of such controls and systems since the date of the most recent opinion of such independent auditors. The report, in its form and preparation, shall follow all SAS No. 70 guidelines and must be comprehensive and cover all significant controls executed by the Reliability Coordinator in connection with its systems and processes underlying the Functions. Additionally, the report must contain an opinion of the independent auditor that concludes that the Reliability Coordinator's description of controls pertaining to the processes and systems underlying the performance of the Functions presents fairly, in all material respects, the relevant aspects of the Reliability Coordinator's controls that had been placed into operation as of the end of each reporting period and whether, in the opinion of the independent auditor, the controls were suitably designed to provide reasonable assurance that the control objectives set forth by the Reliability Coordinator would be achieved if the described controls were complied with satisfactorily. In addition, the report shall state whether, in the opinion of the independent auditor, the controls tested by the independent auditor were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives specified by the Reliability Coordinator were achieved during the reporting period. Such report and opinion shall have no significant or material exceptions or qualifiers. If the Reliability Coordinator is unable to timely deliver to LG&E/KU an unqualified opinion or certification, the Reliability Coordinator shall: (i) provide LG&E/KU, on the date such opinion or certificate is delivered or due to be delivered, with a written statement describing the circumstances giving rise to any delay in delivering such opinion or

certificate or any qualification to such opinion or certificate; (ii) immediately take such actions as shall be necessary to resolve such circumstances and deliver an unqualified opinion or certificate as promptly as practicable thereafter; and (iii) permit LG&E/KU and its external auditors to perform such procedures and testing of the Reliability Coordinator's controls and processes as are reasonably necessary for their assessment of the operating effectiveness of the Reliability Coordinator controls and of LG&E/KU's internal controls. In addition, the Reliability Coordinator expressly agrees that prior to or at the time of any significant or material change to any internal process or financial control of the Reliability Coordinator that would or might impact the Functions performed for or on behalf of LG&E/KU or that would, or might, have a significant or material effect on such process's mitigation of risk or upon the integrity of LG&E/KU's financial reporting or disclosures, it shall notify LG&E/KU and provide full details of the change so as to enable LG&E/KU to review the change and evaluate its impact on its internal controls and financial reporting. LG&E/KU shall have the right to provide all such reports, opinions and certifications delivered hereunder to its attorneys, accountants and other advisors, who shall be entitled to rely thereon.

Section 13 - Independent Contractor.

The Reliability Coordinator shall be and remain during the Term an independent contractor with respect to LG&E/KU, and nothing contained in this Agreement shall be (a) construed as inconsistent with that status, or (b) deemed or construed to create the relationship of principal and agent or employer and employee, between the Reliability Coordinator and LG&E/KU or to make either the Reliability Coordinator or LG&E/KU partners, joint ventures, principals, fiduciaries, agents or employees of the other Party for any purpose. Neither Party shall represent itself to be an agent, partner or representative of the other Party. Neither Party shall commit or bind, nor be authorized to commit or bind, the other Party in any manner, without such other Party's prior written consent. Personnel employed, provided or used by any Party in connection herewith will not be employees of the other Party in any respect. Each Party shall have full responsibility for the actions or omissions of its employees and shall be responsible for their supervision, direction and control.

Section 14 - Taxes.

Each Party shall be responsible for the payment of its own taxes, including taxes based on its net income, employment taxes of its employees, taxes on any property it owns or leases, and sales, use, gross receipts, excise, value-added or other transaction taxes.

Section 15 - Notices.

15.3 Notices. All notices, requests, consents and other communications hereunder shall be in writing, signed by the Party giving such notice or communication, and shall be hand-delivered or sent by certified mail, postage prepaid, return receipt requested, by nationally recognized courier, to the other Party at the address set forth below, and shall be deemed given upon the earlier of the date delivered or the date delivery is refused.

If to LG&E/KU:

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
Issued On: October 7, 2005

Effective On Transmission
Owner's Exit from the
Midwest ISO

Louisville Gas and Electric Company

Facsimile: (____) ____ - ____

And

Kentucky Utilities Company

Facsimile: (____) ____ - ____

If to the Reliability Coordinator:

Tennessee Valley Authority

Facsimile: (____) ____ - ____

15.4 Changes. Either Party may, from time to time, change the names, addresses, facsimile numbers or other notice information set out in Section 15.1 by notice to the other Party in accordance with the requirements of Section 15.1.

Section 16 - Key Personnel; Work Conditions.

16.5 Key Personnel. All Key Personnel shall be properly certified and licensed, if required by law, and be qualified and competent to perform the Functions. The Reliability Coordinator shall provide LG&E/KU prior written notice of the replacement of any Key Personnel.

16.6 Conduct of Key Personnel and Reporting. The Reliability Coordinator agrees to require that the Key Personnel comply with the Reliability Coordinator's employee code of conduct, a current copy of which has been provided to LG&E/KU. The Reliability Coordinator may amend its employee code of conduct at any time, provided that the Reliability Coordinator shall promptly provide the LG&E/KU Contract Manager with a copy of the amended employee code of conduct. If any Key Personnel commits fraud or engages in material violation of the Reliability Coordinator's employee code of conduct, the Reliability Coordinator shall promptly notify LG&E/KU as provided above and promptly remove any such Key Personnel from the performance of the Functions.

16.7 Personnel Screening. The Reliability Coordinator shall be responsible for conducting, in accordance with applicable law (including the Fair Credit Reporting Act, The Fair and Accurate Credit Transactions Act, and Title VII of the Civil Rights Act of 1964), adequate pre-deployment screening of the Key Personnel prior to commencing performance of the

Functions. By deploying Key Personnel under this Agreement, the Reliability Coordinator represents that it has completed the Screening Measures (as defined below) with respect to such Key Personnel. To the extent permitted by applicable law, the term "Screening Measures" shall include, at a minimum, a background check including: (a) a Terrorist Watch Database Search; (b) a Social Security Number trace; (c) motor vehicle license and driving record check; and (d) a criminal history check, including, a criminal record check for each county/city and state/country in the employee's residence history for the maximum number of years permitted by law, up to seven (7) years. Unless prohibited by law, if, prior to or after assigning a Key Personnel to perform the Functions, the Reliability Coordinator learns of any information that the Reliability Coordinator considers would adversely affect such Key Personnel's suitability for the performance of the Functions (including based on information discovered from the Screening Measures), the Reliability Coordinator shall not assign the Key Personnel to the Functions or, if already assigned, promptly remove such Key Personnel from performing the Functions and immediately notify LG&E/KU of such action.

16.8 Security. LG&E/KU shall have the option of barring from LG&E/KU's property any Key Personnel whom LG&E/KU determines is not suitable in accordance with the applicable laws pursuant to Sections 16.1 through 16.3.

Section 17 - Miscellaneous Provisions.

17.1 Governing Law. This Agreement and the rights and obligations of the Parties hereunder shall be governed by and construed in accordance with the laws of Kentucky, without giving effect to its conflicts of law rules.

17.2 Consent to Jurisdiction. All Disputes by any Party in connection with or relating to this Agreement or any matters described or contemplated in this Agreement shall be instituted in the courts of the State of Kentucky or of the United States sitting in the State of Kentucky. Each Party irrevocably submits, for itself and its properties, to the exclusive jurisdiction of the courts of the State of Kentucky and of the United States sitting in the State of Kentucky in connection with any such Dispute. Each Party irrevocably and unconditionally waives any objection or defense that it may have based on improper venue or *forum non conveniens* to the conduct of any proceeding in any such courts. This provision does not adversely affect FERC's jurisdiction of this Agreement.

17.3 Amendment. This Agreement shall not be varied or amended unless such variation or amendment is agreed to by the Parties in writing and accepted by FERC. The Parties explicitly agree that neither Party shall unilaterally petition to FERC pursuant to the provisions of Sections 205 or 206 of the Federal Power Act to amend this Agreement or to request that FERC initiate its own proceeding to amend this Agreement.

17.4 Assignment. Any assignment of this Agreement or any interest herein or delegation of all or any portion of a Party's obligations, by operation of law or otherwise, by either Party without the other Party's prior written consent shall be void and of no effect; provided, however, that the Reliability Coordinator's consent will not be required for LG&E/KU to assign this Agreement to (a) an affiliate or (b) a successor entity that acquires all or

substantially all of LG&E/KU's Transmission System whether by merger, consolidation, reorganization, sale, spin-off or foreclosure; provided, further, that such successor entity agrees to assume all of LG&E/KU's obligations hereunder from and after the date of such assignment. As a condition to the effectiveness of such assignment (i) LG&E/KU shall promptly notify the Reliability Coordinator of such assignment, (ii) the successor entity shall provide a confirmation to the Reliability Coordinator of its assumption of LG&E/KU's obligations hereunder, and (iii) LG&E/KU shall promptly reimburse the Reliability Coordinator, upon receipt of an invoice from the Reliability Coordinator, for any one-time incremental costs reasonably incurred by the Reliability Coordinator as a result of such assignment. For the avoidance of doubt, nothing herein shall preclude LG&E/KU from transferring any or all of its transmission facilities to another entity or disposing of or acquiring any other transmission assets.

17.5 No Third Party Beneficiaries. Except as otherwise expressly provided in this Agreement, this Agreement is made solely for the benefit of the Parties and their successors and permitted assigns and no other person shall have any rights, interest or claims hereunder or otherwise be entitled to any benefits under or on account of this Agreement as third party beneficiary or otherwise.

17.6 Waivers. No waiver of any provision of this Agreement shall be effective unless it is signed by the Party against which it is sought to be enforced. The delay or failure by either Party to exercise or enforce any of its rights under this Agreement shall not constitute or be deemed a waiver of that Party's right thereafter to enforce those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

17.7 Severability; Renegotiation. The invalidity or unenforceability of any portion or provision of this Agreement shall in no way affect the validity or enforceability of any other portion or provision herein. If any provision of this Agreement is found to be invalid, illegal or otherwise unenforceable, the same shall not affect the other provisions hereof or the whole of this Agreement and shall not render invalid, illegal or unenforceable this Agreement or any of the remaining provisions of this Agreement. If any provision of this Agreement or the application thereof to any person, entity or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void or unenforceable, or if a modification or condition to this Agreement is imposed by such court or regulatory authority, the Parties shall in good faith negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligation of the Parties immediately prior to such holding, modification or condition.

17.8 Representations and Warranties. Each Party represents and warrants to the other Party as of the date hereof as follows:

17.8.1 Organization. It is duly organized, validly existing and in good standing under the laws of the State in which it was organized or applicable Federal law, and has all the requisite power and authority to own and operate its material assets and properties and to carry on its business as now being conducted and as proposed to be conducted under this Agreement.

17.8.2 Authority. It has the requisite power and authority to execute and deliver this Agreement and, subject to the procurement of applicable regulatory approvals, to perform its obligations under this Agreement. The execution and delivery of this Agreement by it and the performance of its obligations under this Agreement have been duly authorized by all necessary corporate action required on its part.

17.8.3 Binding Effect. Assuming the due authorization, execution and delivery of this Agreement by the other Party, this Agreement constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency or other similar applicable laws affecting creditors' rights generally, and by general principles of equity regardless of whether such principles are considered in a proceeding at law or in equity.

17.8.4 Regulatory Approval. It has obtained or will obtain by the Effective Date, any and all approvals of, and acceptances for filing by, and has given or will give any notices to, any applicable federal or state authority, including FERC, that are required for it to execute, deliver, and perform its obligations under this Agreement.

17.8.5 No Litigation. There are no actions at law, suits in equity, proceedings, or claims pending or, to its knowledge, threatened against it before or by any federal, state, foreign or local court, tribunal, or governmental agency or authority that might materially delay, prevent, or hinder the performance by such entity of its obligations hereunder.

17.8.6 No Violation or Breach. The execution, delivery and performance by it of its obligations under this Agreement do not and shall not: (a) violate its organizational documents; (b) violate any applicable law, statute, order, rule, regulation or judgment promulgated or entered by any applicable federal or state authority, which violation could reasonably be expected to materially adversely affect the performance of its obligations under this Agreement; or (c) result in a breach of or constitute a default of any material agreement to which it is a party.

17.9 Further Assurances. Each Party agrees that it shall execute and deliver such further instruments, provide all information, and take or forbear such further acts and things as may be reasonably required or useful to carry out the purpose of this Agreement and are not inconsistent with the provisions of this Agreement.

17.10 Entire Agreement. This Agreement and the Attachments hereto set forth the entire agreement between the Parties with respect to the subject matter hereof, and supersede all prior agreements, whether oral or written, related to the subject matter of this Agreement. The terms of this Agreement and the Attachments hereto are controlling, and no parole or extrinsic evidence, including to prior drafts and drafts exchanged with any third parties, shall be used to vary, contradict or interpret the express terms, and conditions of this Agreement.

17.11 Good Faith Efforts. Each Party agrees that it shall in good faith take all reasonable actions necessary to permit it and the other Party to fulfill their obligations under this

Agreement. Where the consent, agreement or approval of any Party must be obtained hereunder, such consent, agreement or approval shall not be unreasonably withheld, delayed or conditioned. Where a Party is required or permitted to act, or omit to act, based on its opinion or judgment, such opinion or judgment shall not be unreasonably exercised. To the extent that the jurisdiction of any federal or state authority applies to any part of this Agreement or the transactions or actions covered by this Agreement, each Party shall cooperate with the other Party to secure any necessary or desirable approval or acceptance of such authorities of such part of this Agreement or such transactions or actions.

17.12 Time of the Essence. With respect to all duties, obligations and rights of the Parties, time shall be of the essence in this Agreement.

17.13 Interpretation. Unless the context of this Agreement otherwise clearly requires:

17.13.1 all defined terms in the singular shall have the same meaning when used in the plural and vice versa;

17.13.2 the terms “hereof,” “herein,” “hereto” and similar words refer to this entire Agreement and not to any particular Section, Attachment or any other subdivision of this Agreement;

17.13.3 references to “Section” or “Attachment” refer to this Agreement, unless specified otherwise;

17.13.4 references to any law, statute, rule, regulation, notification or statutory provision shall be construed as a reference to the same as it applies to this Agreement and may have been, or may from time to time be, amended, modified or re-enacted;

17.13.5 references to “includes,” “including” and similar phrases shall mean “including, without limitation;”

17.13.6 the captions, section numbers and headings in this Agreement are included for convenience of reference only and shall not in any way affect the meaning or interpretation of this Agreement;

17.13.7 “or” may not be mutually exclusive, and can be construed to mean “and” where the context requires there to be a multiple rather than an alternative obligation; and

17.13.8 references to a particular entity include such entity’s successors and assigns to the extent not prohibited by this Agreement.

17.14 Joint Effort. Preparation of this Agreement has been a joint effort of the Parties and the resulting document shall not be construed more severely against one of the Parties than against the other and no provision in this Agreement is to be interpreted for or against any Party because that Party or its counsel drafted such provision. Each Party acknowledges that in

executing this Agreement its has relied solely on its own judgment, belief and knowledge, and such advice as it may have received from its own counsel, and it has not been influenced by any representation or statement made by the other Party or its counsel not contained in this Agreement.

17.15 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, binding upon LG&E/KU and the Reliability Coordinator, notwithstanding that LG&E/KU and the Reliability Coordinator may not have executed the same counterpart.

The Parties have caused this Reliability Coordinator Agreement to be executed by their duly authorized representatives as of the dates shown below.

LOUISVILLE GAS AND ELECTRIC COMPANY

Name:
Title:
Date:

KENTUCKY UTILITIES COMPANY

Name:
Title:
Date:

TENNESSEE VALLEY AUTHORITY

Name:
Title:
Date:

**ATTACHMENT A
TO THE RELIABILITY COORDINATOR AGREEMENT**

DESCRIPTION OF THE FUNCTIONS

The Functions are as follows:

1. Security Coordination. The Reliability Coordinator will perform the security coordination functions under the Agreement in accordance with (a) the NERC functional model, (b) Good Utility Practice, (c) all applicable reliability criteria, policies, standards, rules, regulations and other requirements of NERC and any applicable regional reliability council or their successors, (d) LG&E/KU's specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements specified in this Section 1), (e) the OATT, and (f) all applicable laws and the requirements of federal and state regulatory authorities.
2. Coordination with the Independent Transmission Organization.
 - 2.1 In conjunction with its performance of the Functions, the Reliability Coordinator will coordinate and cooperate with the Independent Transmission Organization and provide, subject to the terms and conditions of the Agreement (including the Reliability Coordinator's obligations with respect to Confidential Information in Section 10 thereof), any information that the Independent Transmission Organization may reasonably request in order to carry out its functions under the Independent Transmission Organization Agreement.
 - 2.2 The Reliability Coordinator will provide consultation with the Independent Transmission Organization for the Independent Transmission Organization to develop and revise, as appropriate, operating procedures governing its performance of the functions under the Independent Transmission Organization Agreement.
 - 2.3 The Reliability Coordinator will coordinate with the Independent Transmission Organization and LG&E/KU to assist the Independent Transmission Organization in processing and evaluating transmission service requests ("TSRs"), as specified in Attachment L of the OATT, and determining whether upgrades or additions are needed to accommodate such TSRs.
 - 2.3.1 Once the Base Case Model (as defined and provided for in Attachment L of the OATT) process is complete, the Reliability Coordinator will coordinate with the Independent Transmission Organization and LG&E/KU regarding any additional regional model development processes necessary to create regional models from the seasonal and annual models. These models, which are updated quarterly or monthly, will serve as the basis for the annual, seasonal, monthly, or daily Base Case Models for the Transmission System used to evaluate TSRs.

- 2.3.2 In order to develop the regional models and Base Case Models for the Transmission System, the Reliability Coordinator will provide to the Independent Transmission Organization and other modeling group participants such data and information as may be necessary to prepare and update the models. The Independent Transmission Organization will review the data inputs provided by the Reliability Coordinator to ensure that the data inputs and resulting models are consistent with the Transmission Study Criteria (as defined in Attachment L of the OATT).
- 2.3.3 The Reliability Coordinator will have the opportunity to review and comment on the initial draft of the Independent Transmission Organization's System Impact Study (as defined in the OATT) report and the Independent Transmission Organization's list of any constrained transmission elements. The Reliability Coordinator will work diligently with the Independent Transmission Organization and LG&E/KU to finalize the required System Impact Study in accordance with the OATT.
- 2.3.4 The Reliability Coordinator will work diligently with the Independent Transmission Organization and LG&E/KU to finalize the required facilities study in accordance with the OATT. The Independent Transmission Organization will provide the Transmission Customer (as defined in the OATT) with the final Facilities Study report and will respond to requests for work papers supporting the Facilities Study.

3. Maintenance Scheduling. LG&E/KU will propose maintenance schedules to the Reliability Coordinator and the Reliability Coordinator will either approve or deny such maintenance schedules.

4. Transmission Planning Authority.

- 4.1 The Reliability Coordinator will be responsible for the function of transmission planning reliability which is to encompass the responsibilities assigned to the Planning Authority in the NERC Functional Model¹ except as regards to resource adequacy planning. The Reliability Coordinator's responsibility as Transmission Planning Authority will include:
- 4.1.1 Reviewing, evaluating, and commenting on LG&E/KU's transmission expansion plans that are intended to eliminate reliability inadequacies or to meet statewide or multi-state transmission planning requirements, and engaging in coordinated transmission planning in accordance with Attachment L of the OATT.
- 4.1.2 Monitoring LG&E/KU's transmission facility ratings based on access to data reasonably necessary to evaluate such ratings.

¹ NERC Functional Model is available at:
ftp://www.nerc.com/pub/sys/all_updl/oc/fmrtg/Functional_Model_Version_2.doc; pp. 14-16.
Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs. Effective On Transmission
Issued On: October 7, 2005 Owner's Exit from the
Midwest ISO

- 4.1.3 Independently reviewing and approving LG&E/KU's Planning Criteria (as defined in Attachment L of the OATT) to ensure that these criteria are sufficiently defined for Transmission Customers to understand how transmission planning is conducted. If the Reliability Coordinator concludes that additional explanatory detail is required, LG&E/KU will modify the appropriate business practice documents to include the additional detail. The Reliability Coordinator will coordinate with the Independent Transmission Organization to ensure that the final versions of the Planning Criteria are posted on OASIS (as defined in the OATT).
- 4.1.4 Reviewing and approving LG&E/KU's Base Case Model to ensure that such model reflects annual and seasonal power flows, includes all existing long-term, firm uses of the transmission system, and is consistent with the approved Planning Criteria.
- 4.1.5 Performing an independent reliability assessment and evaluation of the LG&E/KU's Annual Plan (as defined in the Attachment L of the OATT) using the Planning Criteria and the Base Case Model. As part of this assessment, the Reliability Coordinator will independently evaluate whether: (i) LG&E/KU's Annual Plan complies with the Planning Criteria and the Base Case Model; and (ii) there are upgrade projects in the Annual Plan that are not necessary to meet the Planning Criteria and the Base Case Model. In addition to reviewing the Annual Plan, the Reliability Coordinator may also begin the process of identifying opportunities for regional optimization of the Annual Plan.
- 4.1.6 Providing LG&E/KU with its conclusions regarding the reliability assessment and evaluation of the Annual Plan, including any outstanding issues that the Reliability Coordinator believes LG&E/KU should address. LG&E/KU will have the opportunity to review the Reliability Coordinator's conclusions and may submit a revised Annual Plan and supporting documentation to the Reliability Coordinator to address any outstanding issues. The Reliability Coordinator will identify any instances where it does not agree with the Annual Plan. The Reliability Coordinator and LG&E/KU will have an affirmative obligation to post information concerning any such disagreement on OASIS. Based on feedback from interested parties, LG&E/KU may revise the Annual Plan.
- 4.1.7 Once the Annual Plan has been finalized by LG&E/KU, coordinating with the Independent Transmission Organization to ensure that the Annual Plan is posted on OASIS.
- 4.1.8 Holding a Transmission Planning Conference (as defined in Attachment L of the OATT) to gather input and consider the planning process and LG&E/KU's Annual Plan.

- 4.1.9 Identifying any instances where it does not agree with LG&E/KU's Annual Plan and providing LG&E/KU with an opportunity to provide any revisions.
- 4.2 Determination of Base Case Model and Supplemental Upgrades.
 - 4.2.1 The Reliability Coordinator will assess whether a proposed upgrade should be considered a Base Case Model Upgrade (as defined in Attachment N of the OATT) or Supplemental Upgrade (as defined in Attachment N of the OATT), according to the provisions of Attachment N of the OATT.
 - 4.2.2 If the Reliability Coordinator determines that a proposed upgrade or set of upgrades is already in the Base Case Model or will completely eliminate the need of a Base Case Model Upgrade, then the proposed upgrade will not be treated as a Supplemental Upgrade and the cost will be recovered through the Transmission Provider's (as defined in the OATT) transmission rates, including PTP and NITS rates under the OATT, bundled retail rates, and rates charged to grandfathered customers.
 - 4.2.3 If the Reliability Coordinator determines that a proposed upgrade will materially decrease the cost of a Base Case Model Upgrade, then the amount by which the Base Case Model cost is decreased will be recovered through the Transmission Provider's transmission rates, and the remainder of the cost of the proposed upgrades will be recovered as a Supplemental Upgrade under Attachment N of the OATT.
 - 4.2.4 If the Reliability Coordinator determines that a proposed upgrade represents an acceleration of a Base Case Model Upgrade, then the cost of accelerating the Base Case Model Upgrade will be recovered as a Supplemental Upgrade under Attachment N of the OATT.
 - 4.2.5 After a Supplemental Upgrade has been funded and constructed, the Reliability Coordinator will calculate the total MW of capacity created by the Supplemental Upgrade on the upgraded element. The amount of MW will be used to calculate the Unit Rate and the charge for Long-Term Network Resource Service or NRIS, as such terms are defined in Attachment N of the OATT.

**ATTACHMENT B
TO THE RELIABILITY COORDINATOR AGREEMENT**

LIST OF KEY PERSONNEL

[To be provided by TVA]

ATTACHMENT N

RECOVERY OF NEW FACILITIES COSTS

1 GENERAL CLASSIFICATION OF TRANSMISSION INVESTMENTS

1.1 Base Case Model Upgrades and Supplemental Upgrades. Transmission upgrades are classified as: (a) Base Case Model Upgrades; or (b) Supplemental Upgrades. Base Case Model Upgrades are those upgrades included in the Reliability Coordinator's Base Case Model. Supplemental Upgrades are all upgrades not included in the Base Case Model.

1.2 Base Case Model Upgrades. Base Case Model Upgrades will consist of the following categories of investment:

1.2.1 Investments necessary to maintain long-term firm transmission service commitments wider Long Term Firm Point-to-Point Service.

1.2.2 Investments necessary to maintain Network Integration Transmission Service commitments.

This includes investments necessary to serve forecasted load growth reliably within the Transmission Owner's Transmission System, including new Points of Delivery.

However, the Base Case Model will assume that designated future Network Resources have already been physically integrated at either the NRIS or NITS level, depending on the designating customer's specification. Upgrades necessary to initially integrate a generator at either the NRIS or NITS level are covered under Supplemental Upgrades below.

1.2.3 Investments necessary to maintain the applicable level of integration of generators that have already been qualified at the NRIS or NITS level.

1.2.4 Investments required to maintain standards of safety and reliability applicable to the Transmission Owner's region. This includes investments to change-out, replace or repair transmission facilities, where such investments are necessary to maintain firm transmission service commitments.

1.2.5 Investments required to maintain firm transmission service commitments where the ability to honor such commitments has been degraded due to events that are beyond the control of the Transmission Owner. Such events include, but are not limited to, a change in reliability standards or increased loop flow from neighboring regions.

- 1.3** Supplemental Upgrades. Supplemental Upgrades will consist of the following categories of investment:
- 1.3.1** Investments necessary to interconnect new generators to the Transmission System at the Energy Resource Interconnection Service (ERIS) level, or to increase or change the operating characteristics of an existing generator.
 - 1.3.2** Investments necessary to qualify a generator at the NRIS level, upon the request of the generator or a Network Customer.
 - 1.3.3** Investments required to designate a generator as a Network Resource at the NITS level, upon the request of Network Customer.
 - 1.3.4** Investments required to provide new or expanded Firm PTP Transmission Service.
 - 1.3.5** Investments designed to reduce congestion within the Transmission System, meaning investments that are intended to reduce the delivered price of power for particular loads.
 - 1.3.6** Investments designed to increase transfer capability across, out of or into the Transmission System.
 - 1.3.7** Investments designed to serve load on the Transmission System at a higher level of reliability than is required under the standards specified in Attachment L.

2 COST RECOVERY

- 2.1** Base Case Model Upgrades. The cost of Base Case Model Upgrades will be recoverable through the Transmission Provider's transmission rates, including PTP and NITS rates under the Tariff, bundled retail rates, and rates charged to grandfathered customers.
- 2.2** Supplemental Upgrades.
- 2.2.1** Supplemental Upgrades for PTP Transmission Service. The costs of Supplemental Upgrades that are required to grant PTP Transmission Service will be recoverable under FERC's "higher of" pricing policy. The Transmission Customer requesting the service will be charged the higher of: (i) the applicable PTP rate recoverable over the requested term of service, factoring the cost of the upgrade into the rate; or (ii) the incremental cost of the upgrade plus any financial compensation payments due to other Transmission Customers under the provisions described in Section 4.3 below. In the event that the Transmission Customer requesting the service is charged the applicable PTP rate, the Transmission Customer will not be deemed to have individually funded a Supplemental

Upgrade and will not be entitled to compensation under Sections 4.3 below. The cost of Supplemental Upgrades for which the customer is charged the applicable PTP rate shall be recoverable through the Transmission Owner's transmission rates, including PTP and NITS rates under the Tariff, bundled retail rates, and rates charged to grandfathered customers.

2.2.2 Supplemental Upgrades for Interconnection Service. The cost of Supplemental Upgrades required to accommodate requests for ERIS or NRIS will be recovered from the Interconnection Customer. The Interconnection Customer will be charged the cost of the upgrade plus any financial compensation payments due to other customers under the provisions described in Section 4.3 below.

2.2.3 Supplemental Upgrades for NITS. The cost of Supplemental Upgrades required to accommodate Network Customer service requests, including designation of new NITS Network Resources will be recovered from the requesting Network Customer. The Network Customer will be charged the cost of the upgrade plus any financial compensation payments due to other customers under the provisions described in Section 4.3 below.

2.2.4 Other Supplemental Upgrades. The cost of all other Supplemental Upgrades will be recovered from the requesting customer. The requesting customer will be charged the cost of the upgrade plus any financial compensation payments due to other customers under the provisions described in Section 4.3 below.

2.3 O&M Expenses For Base Case Model and Supplemental Upgrades. All operating and maintenance (O&M) expenses associated with Base Case Model and Supplemental Upgrades will be included in the Transmission Owner's transmission revenue requirement, including the calculation of its OATT rates and the development of its bundled retail rates and rates under appropriate grandfathered agreements. There will be no direct assignment or incremental rate treatment of these expenses.

2.4 Comparability. The provisions of this Attachment N will apply to the Transmission Owner and its affiliates, including requests for transmission service on behalf of the Transmission Owner's bundled retail load, and requests for PTP Transmission Service into, out of, or across the Transmission System by the Transmission Owner's affiliates or its wholesale merchant function. Any Supplemental Upgrades that are funded by the Transmission Owner on behalf of its bundled retail load will be eligible for recovery through Transmission Owner's bundled retail rates and will not be recovered through Transmission Owner's Tariff rates. Recovery of the cost of Supplemental Upgrades from grandfathered agreement customers will be governed by the particular provisions of each such agreement.

3 PROCESS FOR IDENTIFYING UPGRADES

- 3.1** Identification of Supplemental Upgrades. Supplemental Upgrades will be identified (i) through Attachment N of this Tariff; (ii) the PTP and NITS provisions of this Tariff; and (iii) the LGIP, LGIA, SGIP and SGIA provisions of Attachments J and K.
- 3.2** Determination of Base Case Model and Supplemental Upgrades. The Reliability Coordinator will assess whether a proposed upgrade should be considered a Base Case Model Upgrade or Supplemental Upgrade. For purposes of this Section 3.2, the Reliability Coordinator will consider only upgrades in the then-current Base Case Model for which construction is to be initiated within the next 3 years.
- 3.2.1** If the Reliability Coordinator determines that a proposed upgrade or set of upgrades is already in the Base Case Model or will completely eliminate the need for a Base Case Model Upgrade, then the proposed upgrade will not be treated as a Supplemental Upgrade and the cost will be recovered under Section 2.1 above.
- 3.2.2** If the Reliability Coordinator determines that a proposed upgrade will materially decrease the cost of a Base Case Model Upgrade, then the amount by which the Base Case Model cost is decreased will be recovered under Section 2.1 above, and the remainder of the cost of the proposed upgrades will be recovered as a Supplemental Upgrade under Section 2.2 above.
- 3.2.3** If the Reliability Coordinator determines that a proposed upgrade represents an acceleration of a Base Case Model Upgrade, then the cost of accelerating the Base Case Model Upgrade will be recovered as a Supplemental Upgrade under Section 2.2 above.
- 3.3** Finality of Reliability Coordinator Determinations; Survival Rights. The Reliability Coordinator's determinations on cost allocation of any upgrade will be final once such determination is made and any necessary contractual arrangements are accepted by FERC. If this Attachment is subsequently altered or terminated, any customer that was previously assigned the costs of a Supplemental Upgrade will continue to be responsible for those costs and will continue to receive the rights set forth in Section 4 hereof associated with such upgrade.

4 RIGHTS ASSOCIATED WITH SUPPLEMENTAL UPGRADES

- 4.1** Congestion Protection. When a customer uses the capacity created by a Supplemental Upgrade that it funded, the customer shall not be charged congestion for its use of that capacity.

4.2 Curtailment Priority. A customer who obtains transmission service by funding a Supplemental Upgrade will receive firm service, subject to the same curtailment priority as other firm service under the Tariff. NRIS or ERIS status obtained through Supplemental Upgrades does not provide transmission service. Transmission service from an NRIS resource to a designating Network Customer does not require additional Supplemental Upgrades and is firm service.

4.3 Financial Compensation for Long Term Service Sold to Other Customers.

4.3.1 General Principle. A customer funding a Supplemental Upgrade will receive a Financial Payment if additional Long-Term PTP Transmission Service or the designation of a Long-Term Network Resource (i.e., the designation of a Network Resource for a period of at least one year) or NRIS or ERIS status is subsequently granted to another customer using the facility that was created or expanded by the funding customer's Supplemental Upgrade. The designation of a Network Resource on a short-term basis (i.e., for a period of less than one year) using a prior Supplemental Upgrade will not qualify as a "Long-Term Network Resource" under this Attachment and does not entitle the original funding party to a financial compensation payment.

The right to compensation is limited to the capacity created by the Supplemental Upgrade, as represented in the Base Case Model of the Transmission System as developed by Applicants pursuant to Attachment L.

A customer that has funded a Supplemental Upgrade in order to qualify a generating resource at the NITS, NRIS or ERIS level will receive an equivalent financial compensation payment if that same customer obtains Long-Term PTP Transmission Service out of the generating resource and that PTP Service uses transmission capacity that was originally funded through the Supplemental Upgrade.

4.3.2 Evaluation of Requests for Long Term Service. All requests for new Long-Term Network Resource designation, NRIS status, or Long Term PTP service will be evaluated by the Independent Entity during the SIS process (or during the deliverability study for NRIS requests) to determine whether the granting of such service is dependent on any Supplemental Upgrades that were previously funded by another customer. A request will be deemed to be dependent on a prior Supplemental Upgrade if the load flow modeling of the request demonstrates that: (i) the pre-contingent or post-contingent flows associated with the request have at least a 3% TDF/OTDF respectively over the previously upgraded facility; (ii) the capacity associated with the previously funded Supplemental Upgrade is not fully utilized prior to consideration of the requested service; and (iii) the increase in flows associated with the request could not be

accommodated (in whole or in part) absent the previously funded Supplemental Upgrade. Previously funded Supplemental Upgrades that consist of acceleration of Base Case Model Upgrades will be considered in this section only during the period of the acceleration.

4.3.3 Granting of Long Term Service Dependent on Prior Supplemental Upgrades.

NRIS or Long-Term Network Resource Status. If it is determined that the grant of any Long Term Network Resource designation or NRIS request is dependent on previously funded Supplemental Upgrades, then the requesting customer will be offered such service/status based on the charge further described in Section 4.3.4., below, as well as the funding of any additional Supplemental Upgrades that may be required. If the requesting customer confirms the service on the terms offered, then the financial compensation payment will be paid to the party(ies) previously funding the applicable Supplemental Upgrades. Thereafter, the requesting customer will be deemed to have funded the portion of the Supplemental Upgrade for which it made payments, and the original funding customer will no longer be deemed to have funded said portion.

Long-Term PTP Service. If the grant of new Long-Term PTP Transmission Service is dependent on any previously funded Supplemental Upgrades, then the requesting PTP customer will be offered such service only if the customer agrees to pay the higher of: (i) the applicable PTP under the Tariff; or (ii) a rate based on the sum of the cost of the annual applicable financial compensation payments further described in Section 4.3.4.3 below, and the cost of any new Supplemental Upgrades that may be required. If the requesting customer confirms the service, then the customer(s) funding the prior Supplemental Upgrades will be paid an amount based on the applicable financial compensation payments. If the requesting customer and the customer funding the prior Supplemental Upgrade are the same customer, then the customer will pay an amount equal to the charge for the new PTP Transmission Service, minus the amount due to it as a financial compensation payment. The balance of the revenues collected by the Transmission Owner from the requesting PTP customer will be accounted for as follows:

If the requesting customer is paying the applicable PTP rate under the Tariff, the balance of the PTP revenues from that customer (net of financial compensation paid to the customer who upgraded the facility) will be treated as Long-Term PTP revenues.

If the requesting customer is paying a rate based on the sum of the applicable financial compensation payments, plus the cost of required new Supplemental Upgrades (if any), then the balance of

the PTP revenues from that customer (net of financial compensation paid to the customer who upgraded the facility) shall be retained by the Transmission Owner as compensation for the additional Supplemental Upgrades. Thereafter, the requesting customer will be deemed to have funded the portion of the Supplemental Upgrade for which it made the financial payment, and the original funding customer will no longer be deemed to have funded said portion.

4.3.4 Rate For Service Dependent on Previously Funded Supplemental Upgrades.

Unit Rate. For each previously funded Supplemental Upgrade described in Section 4.3.1 above, the \$/MW unit rate for purposes of financial compensation shall be calculated as the funded cost of the Supplemental Upgrade (plus any applicable tax gross-ups) divided by the MW of capacity created by the Supplemental Upgrade on the upgraded element, where such MW of capacity is determined by the Reliability Coordinator. Such unit rate will escalate at the rate of inflation for each of the first five years after the Supplemental Upgrade is placed in service, and not escalate further after the sixth year of service.

Charge for Service Long-Term Network Resource or NRIS. Any customer whose request for Long-Term Network Resource or NRIS status depends on a previously funded Supplemental Upgrade shall be responsible for a one-time financial compensation payment to the Transmission Owner, which the Transmission Owner will pay to the party funding the prior Supplemental Upgrade, as per section 4.3.3.1 above. The amount owed will be the product of the unit rate for that prior Supplemental Upgrade in the year that the new service request begins, times the MWs of capacity associated with the prior Supplemental Upgrade that were used to grant the new service request (as calculated by the Reliability Coordinator in the load flow study referenced in Section 4.3.2.)

4.3.5 Charge for Long Term PTP Service. Any customer whose request for Long Term PTP service depends on a previously funded Supplemental Upgrade may be responsible for annual financial compensation payment to the Transmission Owner, which the Transmission Owner will pay to the customer funding the prior Supplemental Upgrade, under the “higher of” calculation in Section 4.3.2 above. The rate for such payments will be a levelized annual payment over the term of the requested PTP service, calculated to equal the product of the unit rate for the prior Supplemental Upgrade in the year that the new PTP service request begins, times the MW of capacity in the facility associated with the prior Supplemental

Upgrade that was used to grant the new PTP service request (as calculated in the load flow study referenced in Section 4.3.2.).

ATTACHMENT O
RATE FORMULAE

**Transmission Owner Formulaic Rates
 Description**

Transmission Owner will devise rates based on the attached Rate Formula Template on or before May 1 of each year based on data for the previous year.

Rate Formula Template

For the 12 months ended 12/31/___
 Utilizing FERC Form 1 Data

LG&E Energy LLC

Line No.					Allocated Amount
1	GROSS REVENUE REQUIREMENT (page 3, line 29)				\$ -
	REVENUE CREDITS	(Note T)	Total	Allocator	
2	Account No. 454	(page 4, line 34)	0	TP 0.00000	0
3	Account No. 456	(page 4, line 37)	0	TP 0.00000	0
4	Revenues from Grandfathered Interzonal Transactions				0
5	Revenues from service provided by LG&E Energy LLC at a discount				0
6	TOTAL REVENUE CREDITS (sum lines 2-5)				0
7	NET REVENUE REQUIREMENT (line 1 minus line 6)				\$ -
	DIVISOR				
8	Average of 12 coincident system peaks for requirements (RQ) service			(Note A)	0
9	Plus 12 CP of firm bundled sales over one year not in line 8			(Note B)	0
10	Plus 12 CP of Network Load not in line 8			(Note C)	0
11	Less 12 CP of firm P-T-P over one year (enter negative)			(Note D)	0
12	Plus Contract Demand of firm P-T-P over one year				0
13	Less Contract Demand from Grandfathered Interzonal Transactions over one year (enter negative) (Note S)			(Note S)	0
14	Less Contract Demands from service over one year provided by LG&E ENERGY LLC at a discount (enter negative)				0
15	Divisor (sum lines 8-14)				0
16	Annual Cost (\$/kW/Yr)	(line 7 / line 15)	0.000		
17	Network & P-to-P Rate (\$/kW/M (line 16 / 12)		0.000		
			Peak Rate		Off-Peak Rate
18	Point-To-Point Rate (\$/kW/Wk) (line 16 / 52; line 16 / 52)		0.000		\$0.000
19	Point-To-Point Rate (\$/kW/Day) (line 18 / 5; line 18 / 7)		0.000	Capped at weekly rate	\$0.000
20	Point-To-Point Rate (\$/MWh) (line 19 / 16; line 19 / 24 times 1,000)		0.000	Capped at weekly and daily rates	\$0.000
21	FERC Annual Charge(\$/MWh)	(Note E)	\$0.000	Short Term	\$0.000 Short Term
22			\$0.000	Long Term	\$0.000 Long Term

Issued By: Paul W. Thompson, Senior Vice President, Energy Svcs.
 Issued On: October 7, 2005

Effective On Transmission
 Owner's Exit from the
 Midwest ISO

Formula Rate– Non-Levelized

Rate Formula Template
 Utilizing FERC Form 1 Data

For the 12 months ended 12/31/___

Line No.	(1)	(2)		(3)	(4)	(5)
		Form No. 1 Page, Line, Col.	Company Total			
	RATE BASE:					
	GROSS PLANT IN SERVICE					
1	Production	206.46.g	0	NA		
2	Transmission	206.58.g	0	TP	0.00000	0
3	Distribution	206.75.g	0	NA		
4	General & Intangible	206.5g & 90.g	0	W/S	0.00000	0
5	Common	356.1	0	CE	0.00000	0
6	TOTAL GROSS PLANT (sum lines 1-5)		0	GP=	0.000%	0
	ACCUMULATED DEPRECIATION					
7	Production	219.20-24.c	0	NA		
8	Transmission	219.25.c	0	TP	0.00000	0
9	Distribution	219.26.c	0	NA		
10	General & Intangible	219.27.c	0	W/S	0.00000	0
11	Common	356.1	0	CE	0.00000	0
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		0			0
	NET PLANT IN SERVICE					
13	Production	(line 1-line 7)	0			
14	Transmission	(line 2- line 8)	0			0
15	Distribution	(line 3-line 9)	0			
16	General & Intangible	(line 4- line 10)	0			0
17	Common	(line 5 - line 11)	0			0
18	TOTAL NET PLANT (sum lines 13-17)		0	NP=	0.000%	0
	ADJUSTMENTS TO RATE BASE (Note F)					
19	Account No. 281 (enter negative)	273.8k	0	NA	zero	0
20	Account No. 282 (enter negative)	275.2.k	0	NP	0.00000	0
21	Account No. 283 (enter negative)	277.9k	0	NP	0.00000	0
22	Account No. 190	234.8.c	0	NP	0.00000	0
23	Account No. 255 (enter negative)	267.8..h	0	NP	0.00000	0
23a	Network Upgrade (enter negative)		0	TP	0.00000	0
24	TOTAL ADJUSTMENTS (sum lines 19-23)		0			0
25	LAND HELD FOR FUTURE USE 214xd (Note G)		0	TP	0.00000	0
	WORKING CAPITAL (Note H)					
26	CWC	calculated	0			0
27	Materials & Supplies (Note G)	227.8.c & 15.c	0	TE	0.00000	0
28	Prepayments (Account 165)	110.46.d	0	GP	0.00000	0
29	TOTAL WORKING CAPITAL (sum lines 26- 28)		0			0
30	RATE BASE (sum lines 18, 24, 25, & 29)		0			0

Formula Rate– Non-Levelized

Rate Formula Template
 Utilizing FERC Form 1 Data

For the 12 months ended 12/31/___

Line No.	(1)	LG&E Energy LLC		(4)	(5)	
		Form No. 1 Page, Line, Col.	Company Total			Allocator
O&M						
1	Transmission	321.100.b	0	TE	0.00000	0
2	Less Account 585	321.88.b	0		1.00000	0
3	A&G	323.163.b	0	W/S	0.00000	0
4	Less FERC Annual Fees		0	W/S	0.00000	0
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad (Note 1)		0	W/S	0.00000	0
5a	Plus Transmission Related to Reg. Comm. Exp. (Note 1)		0	TE	0.00000	0
6	Common	356.1	0	CE	0.00000	0
7	Transmission Lease Payments		0		1.00000	0
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less lines 2, 4, 5)		0			0
DEPRECIATION EXPENSE						
9	Transmission	336.7.b	0	TP	0.00000	0
10	General	338.9.b	0	W/S	0.00000	0
11	Common	336.10.b	0	CE	0.00000	0
12	TOTAL DEPRECIATION (Sum lines 9 – 11)					
TAXES OTHER THAN INCOME TAXES (Note J)						
LABOR RELATED						
13	Payroll	263.1	0	W/S	0.00000	0
14	Highway and vehicle	263.1	0	W/S	0.00000	0
PLANT RELATED						
16	Property	263.1	0	GP	0.00000	0
17	Gross Receipts	263.1	0	NA	zero	0
18	Other	263.1	0	GP	0.00000	0
19	Payments in lieu of taxes		0	GP	0.00000	0
20	TOTAL OTHER TAXES (sum lines 13 -19)		0			0
INCOME TAXES (Note K)						
21	$T=1 - ((1-SIT) * (1-FIT)) / (1-SIT*FIT*p)=$		0.00%			
22	$CIT=(T/1-1)*(1-(WCLTD/R)) =$ where WCLTD=(page 4, line 27) and R=(page 4, line 30) and FIT, SIT & p are as given in footnote K		0.00%			
23	$1/(1 - T) =$ (from line 21)		0.0000			
24	Amortized Investment Tax Credit (266.8f) (enter negative)		0			
25	Income Tax Calculation= line 22 * line 28		0	NA		0
26	ITC adjustment (line 23 * line 24)		0	NP	0.00000	0
27	Total income Taxes (line 25 plus line 26)		0			0
28	RETURN		0			0
29	[Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)]					
29	REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)		0			0

Formula Rate- Non-Levelized

Rate Formula Template
 Utilizing FERC Form 1 Data

For the 12 months ended 12/31/___

LG&E Energy LLC
SUPPORTING CALCULATIONS AND NOTES

Line No.	TRANSMISSION PLANT INCLUDED IN LG&E ENERGY LLC RATES							
1	Total transmission plant (page 2, line 2, column 3)						0	
2	Less transmission plant excluded from LG&E ENERGY LLC rates (Note M)						0	
3	Less transmission plant included in OATT Ancillary Services (Note N)						0	
4	Transmission plant included in LG&E ENERGY LLC rates (line 1 less lines 2 & 3)						0	
5	Percentage of transmission plant included in LG&E ENERGY LLC Rates (line 4 divided by line 1)			TP=			0.00000	
TRANSMISSION EXPENSES								
6	Total transmission expenses (page 3, line 1, column 3)						0	
7	Less transmission expenses included in OATT Ancillary Services (Note L)						0	
8	Included transmission expenses (line 6 less line 7)						0	
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)						0.00000	
10	Percentage of transmission plant included in LG&E ENERGY LLC Rates (line 5)			TP			0.00000	
11	Percentage of transmission expenses included in LG&E ENERGY LLC Rates (line 9 times line 10)			TE=			0.00000	
WAGE & SALARY ALLOCATOR (W&S)								
		Form 1 Reference	\$	TP	Allocation			
12	Production	354.18.b	0	0.00	0			
13	Transmission	354.19.b	0	0.00	0			
14	Distribution	354.20.b	0	0.00	0			
15	Other	354.21, 22, 23.b	0	0.00	0	W&S Allocator (\$ / Allocation)		
16	Total (sum lines 12-15)		0		0	=	0.00000 = WS	
COMMON PLANT ALLOCATOR (CE) (Note O)								
			\$					
17	Electric	200.3.c	0		% Electric	W&S Allocator (line 16)	CE	
18	Gas	201.3.d	0		(line 17 / line 20)			
19	Water	201.3.e	0		0.00000	0.00000	= 0.00000	
20	Total (sum lines 17-19)		0					
RETURN (R)								
						\$		
21a	Long Term Interest (117, sum of 58c through 63c)					\$0		
22	Preferred Dividends (118.29c) (positive number)					\$ -		
Development of Common Stock								
23	Proprietary Capital (112.15d)					0		
24	Less Preferred Stock (line 28)					0		
25	Less Account 216.1 (112.12d) (enter negative)					0		
26	Common Stock (sum of lines 23-25)					0		
			\$	%	Cost (Note P)	Weighted		
27	Long Term Debt (112, sum of 17d through 20d)		0	0%	0.0000	0.0000	=WCLTD	
28	Preferred Stock (112.3d)		0	0%	0.0000	0.0000		
29	Common Stock (line 26)		0	0%	0.0000	0.0000		
30	Total (sum lines 27-29)		0			0.0000	=R	
REVENUE CREDITS								
						Load		
	ACCOUNT 447 (SALES FOR RESALE) (310-311) (Note Q)							
31	a. Bundling Non-RQ Sales for Resale (311xh)					0		
32	b. Bundling Sales for Resale included in Divisor on page 1					0		
33	Total of (a)-(b)					0		

34	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)	\$0
	ACCOUNT 456 (OTHER ELECTRIC REVENUES) (330xn)	
35	a. Transmission charges for all transmission transaction	\$0
36	b. <u>Transmission charges for all transmission included in Divisor on Page 1</u>	\$0
37	Total of (a)-(b)	\$0

Formula Rate– Non-Levelized

Rate Formula Template
 Utilizing FERC Form 1 Data

For the 12 months ended 12/31/___

LG&E Energy LLC
SUPPORTING CALCULATIONS AND NOTES

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)
 References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note
 Letter

- A Peak as would be reported on page 401, column d of Form 1 at the time of the LG&E ENERGY LLC coincident monthly peaks.
- B Labeled LF, LU, IF, IU on pages 310-311 of Form 1 at the time of the LG&E ENERGY LLC coincident monthly peaks
- C Labeled LF on page 328 of Form 1 at the time of the LG&E ENERGY LLC coincident monthly peaks.
- D Labeled LF on page 328 of Form 1 at the time of the LG&E ENERGY LLC coincident monthly peaks.
- E The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff.
- F The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if LG&E Energy LLC chose to utilize amortization of tax credits against taxable income as discussed in Note K. Account 281 is not allocated. Network Upgrades for which repayment is suspended pursuant to Article 11.4.1 of the LG&E ENERGY LLC OATT Attachment X Large Generator Interconnection Agreement shall be removed from rate base. Entry on Line 23a shall include the Network Upgrade value from Page 2, Line 2, and any accumulated depreciation.
- G Identified in form 1 as being only transmission related.
- H Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Page 100 line 46 in the Form 1.
- I Line 5 – EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 351.h, and non-safety related advertising included in Account 930.1. Line 5a – Regulatory Commission Expenses directly related to transmission service, LG&E ENERGY LLC filings, or transmission siting itemized at 351.h.
- J Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
- K The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = “the percentage of federal income tax deductible for state income taxes”. If LG&E Energy LLC is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, if LG&E Energy LLC elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1,266.8.f) multiplied by (1/1-T) (page 3, line 26).

Inputs Required:	FIT=	0.00%	
	SIT=	0.00%	(State Income Tax Rate or Composite SIT)
	P=	0.00%	(percent of federal income tax deductible for state purposes)
- L Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including all of Account No. 561.
- M Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
- N Remove dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- O Enter dollar amounts
- P Debt cost rate= long-term interest (line 21) / long term debt (line 27). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 28). ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
- Q Line 33 must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account No. 456 and all other uses are to be included in the divisor.
- R Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
- S Grandfathered agreements whose rates have been changed to eliminate or mitigate pancaking – the revenues are included in line 4 page 1 and the loads are included in line 13, page 1. Grandfathered agreements whose rates have not been changed to eliminate or mitigate pancaking – the revenues are not included in line 4, page 1 nor the loads included in line 13, page 1.
- T The revenues credited on page 1 lines 2-5 shall include only the amounts received directly (in the case of grandfathered agreements) or from the LG&E ENERGY LLC (for service under this tariff) reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template.