

**PRO FORMA OPEN ACCESS
TRANSMISSION TARIFF**

E.ON U.S. LLC,

ON BEHALF OF ITS OPERATING COMPANIES:

LOUISVILLE GAS & ELECTRIC CO.

KENTUCKY UTILITIES CO.

TABLE OF CONTENTS

1	Definitions	9
1.1	Affiliate.....	9
1.2	Ancillary Services	9
1.3	Annual Transmission Costs.....	9
1.4	Application	9
1.5	Commission.....	9
1.6	Completed Application.....	9
1.7	Control Area	10
1.8	Curtailment.....	10
1.9	Delivering Party.....	10
1.10	Designated Agent	10
1.11	Direct Assignment Facilities	11
1.12	Eligible Customer	11
1.13	Facilities Study	11 <u>11</u>
1.14	Feasibility Analysis	12
1.15	Firm Point-To-Point Transmission Service.....	12
1.16	Good Utility Practice.....	12
1.17	Independent Transmission Organization.....	13
1.18	Interruption.....	12
<u>1.18</u>	<u>Load Ratio Share.....</u>	<u>13</u>
1.19	Load Ratio Share.....	13
1.20	Load-Shedding.....	13
1.21 <u>1.20</u>	..... Long-Term Firm Point-To-Point Transmission Service	13
1.22 <u>1.21</u>	..... Native Load Customers	<u>13</u>
<u>1.22</u>	<u>Network Customer.....</u>	<u>13</u>
1.23	Network Customer.....	14
1.24	Network-Integration Transmission Service.....	14 <u>13</u>
<u>1.24</u>	<u>Network Load.....</u>	<u>13</u>
1.25	Network Load <u>Operating Agreement.....</u>	14
1.26	Network Operating Agreement <u>Committee.....</u>	14
1.27	Network Operating Committee.....	15 <u>Resource</u>
	<u>14</u>	
1.28	Network Resource.....	15
1.29	Network-Upgrades.....	15
<u>1.29</u>	<u>Non-Firm Point-To-Point Transmission Service.....</u>	<u>15</u>
1.30	Non-Firm Point-To-Point Transmission Service <u>Sale.....</u>	15
1.31	Non-Firm Sale.....	16
1.32	Open Access Same-Time Information System (OASIS).....	16 <u>15</u>
<u>1.32</u>	<u>Part I.....</u>	<u>15</u>
1.33	Part I <u>II.....</u>	16
1.34	Part II <u>III.....</u>	16
1.35	Part III-Parties.....	16
1.36	Parties <u>Point(s) of Delivery.....</u>	16

1.37	Point(s) of Delivery <u>Receipt</u>	16
1.38	Point(s) of Receipt	17 <u>17</u> <u>To-Point Transmission Service</u>
	<u>16</u>	
1.39	Point-To-Point Transmission Service	17 <u>17</u>
1.40	Power Purchaser	17
1.41	1.40	Pre-Confirmed Application
	<u>17</u>	
1.42	1.41	Receiving Party
	<u>17</u>	
1.43	1.42	Reliability Coordinator
	<u>17</u>	
1.44	1.43	Regional Transmission Group (RTG)
	<u>18</u> <u>17</u>	
1.45	1.44	Reserved Capacity <u>17</u>
<u>1.45</u>	<u>Service Agreement</u>	<u>18</u>
1.46	Service Agreement	18
1.47	Service Commencement Date.....	18
1.48	1.47	Short-Term Firm Point-To-Point Transmission Service <u>18</u>
<u>1.48</u>	<u>System Condition</u>	<u>18</u>
1.49	System Condition	19
1.50	System Impact Study.....	19 <u>18</u>
1.51	1.50	Third-Party Sale <u>19</u>
<u>1.51</u>	<u>Transmission Customer</u>	<u>19</u>
1.52	Transmission Customer <u>Owner</u>	19
1.53	Transmission Owner	20
1.54	[Reserved:	20 <u>19</u>
	<u>19</u>	
1.55	1.54	Transmission Owner Monthly Transmission System Peak
	<u>20</u> <u>19</u>	
<u>1.55</u>	<u>Transmission Service</u>	<u>19</u>
1.56	Transmission Service	20
1.57	Transmission System.....	20
2	Initial Allocation, Renewal Procedures, and Feasibility Analysis Service.....	20
2.1	Initial Allocation of Available Transfer Capability.....	20
2.2	Reservation Priority For Existing Firm Service Customers.....	21 <u>20</u>
2.3	Feasibility Analysis Service.....	22 <u>21</u>
3	Ancillary Services.....	23 <u>22</u>
3.1	Scheduling, System Control and Dispatch Service.....	26 <u>25</u>
3.2	Reactive Supply and Voltage Control from Generation or Other Sources Service.....	26 <u>25</u>
3.3	Regulation and Frequency Response Service.....	26 <u>25</u>
3.4	Energy Imbalance Service.....	26 <u>25</u>
3.5	Operating Reserve - Spinning Reserve Service.....	26 <u>25</u>
3.6	Operating Reserve - Supplemental Reserve Service.....	26 <u>25</u>
3.7	Generator Imbalance Service.....	26
4	Open Access Same-Time Information System (OASIS).....	26

5	Local Furnishing Bonds	27
5.1	Transmission Owners That Own Facilities Financed by Local Furnishing Bonds ...	27
5.2	Alternative Procedures for Requesting Transmission Service	28 <u>27</u>
6	Reciprocity	29 <u>28</u>
7	Billing and Payment	30 <u>29</u>
7.1	Billing Procedure	30 <u>29</u>
7.2	Interest on Unpaid Balances	30 <u>29</u>
7.3	Customer Default.....	30
8	Accounting for the Transmission Owner’s Use of the Tariff.....	31 <u>30</u>
8.1	Transmission Revenues	31
8.2	Study Costs and Revenues.....	31
9	Regulatory Filings	32 <u>31</u>
10	Force Majeure and Indemnification	32
10.1	Force Majeure.....	32
10.2	Indemnification.....	33 <u>32</u>
11	Creditworthiness.....	33
12	Dispute Resolution Procedures.....	33
12.1	Internal Dispute Resolution Procedures	33
12.2	External Arbitration Procedures	34 <u>33</u>
12.3	Arbitration Decisions.....	34
12.4	Costs	35 <u>34</u>
12.5	Rights Under The Federal Power Act	35
	POINT-TO-POINT TRANSMISSION SERVICE	35
13	Nature of Firm Point-To-Point Transmission Service.....	36 <u>35</u>
13.1	Term	36 <u>35</u>
13.2	Reservation Priority.....	36 <u>35</u>
13.3	Use of Firm Transmission Service by the Transmission Owner	38 <u>37</u>
13.4	Service Agreements.....	38 <u>37</u>
13.5	Transmission Customer Obligations for Facility Additions or Redispatch Costs.....	39 <u>38</u>
13.6	Curtailment of Firm Transmission Service	40 <u>39</u>
13.7	Classification of Firm Transmission Service.....	41 <u>40</u>
13.8	Scheduling of Firm Point-To-Point Transmission Service	42
14	Nature of Non-Firm Point-To-Point Transmission Service	43
14.1	Term	43
14.2	Reservation Priority.....	44 <u>43</u>
14.3	Use of Non-Firm Point-To-Point Transmission Service by the Transmission Owner	45 <u>44</u>
14.4	Service Agreements.....	45 <u>44</u>
14.5	Classification of Non-Firm Point-To-Point Transmission Service	45
14.6	Scheduling of Non-Firm Point-To-Point Transmission Service	46 <u>45</u>
14.7	Curtailment or Interruption of Service	47 <u>46</u>
15	Service Availability	48
15.1	General Conditions.....	48
15.2	Determination of Available Transfer Capability.....	48
15.3	Initiating Service in the Absence of an Executed Service Agreement	48

15.4	Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment	49
15.5	Deferral of Service.....	51 <u>50</u>
15.6	Other Transmission Service Schedules	51
15.7	Real Power Losses.....	51
15.8	Service Agreements, GFAs, or OASIS Reservations in Effect as of December 28, 2004.....	51
16	Transmission Customer Responsibilities	53 <u>52</u>
16.1	Conditions Required of Transmission Customers:.....	53 <u>52</u>
16.2	Transmission Customer Responsibility for Third-Party Arrangements	54 <u>53</u>
17	Procedures for Arranging Firm Point-To-Point Transmission Service	54
17.1	Application	54
17.2	Completed Application.....	55 <u>54</u>
17.3	Deposit.....	56 <u>55</u>
17.4	Notice of Deficient Application	57
17.5	Response to a Completed Application.....	58 <u>57</u>
17.6	Execution of Service Agreement.....	58
17.7	Extensions for Commencement of Service	59 <u>58</u>
18	Procedures for Arranging Non-Firm Point-To-Point Transmission Service.....	59
18.1	Application	59
18.2	Completed Application.....	60 <u>59</u>
18.3	Reservation of Non-Firm Point-To-Point Transmission Service	61
18.4	Determination of Available Transfer Capability.....	62 <u>61</u>
19	Additional Study Procedures For Firm Point-To-Point Transmission Service Requests.....	62 <u>61</u>
19.1	Notice of Need for System Impact Study	62 <u>61</u>
19.2	System Impact Study Agreement and Cost Reimbursement.....	63 <u>62</u>
19.3	System Impact Study Procedures	64 <u>63</u>
19.4	Procedure for Clustering System Impact Study Requests	65
19.5	Facilities Study Procedures	68
19.6	Facilities Study Modifications.....	70
19.7	Due Diligence in Completing New Facilities.....	70
19.8	Partial Interim Service	70
19.9	Expedited Procedures for New Facilities	71
19.10	Penalties for Failure to Meet Study Deadlines:	72
20	Procedures if The Transmission Owner is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service.....	73
20.1	Delays in Construction of New Facilities.....	73
20.2	Alternatives to the Original Facility Additions	74
20.3	Refund Obligation for Unfinished Facility Additions.....	74
21	Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities	75
21.1	Responsibility for Third-Party System Additions	75
21.2	Coordination of Third-Party System Additions	75
22	Changes in Service Specifications.....	76
22.1	Modifications On a Non-Firm Basis	76

22.2	Modification On a Firm Basis	77
23	Sale or Assignment of Transmission Service	77
23.1	Procedures for Assignment or Transfer of Service	77
23.2	Limitations on Assignment or Transfer of Service	78
23.3	Information on Assignment or Transfer of Service.....	79
24	Metering and Power Factor Correction at Receipt and Delivery Points(s)	79
24.1	Transmission Customer Obligations	79
24.2	HO Transmission Owner Access to Metering Data	79
24.3	Power Factor.....	79 80
25	Compensation for Transmission Service.....	80
26	Stranded Cost Recovery	80
27	Compensation for New Facilities and Redispatch Costs.....	80
	NETWORK INTEGRATION TRANSMISSION SERVICE.....	80 81
28	Nature of Network Integration Transmission Service.....	81
28.1	Scope of Service	81
28.2	Transmission Owner Responsibilities	81 82
28.3	Network Integration Transmission Service	82
28.4	Secondary Service	82 83
28.5	Real Power Losses.....	83
28.6	Restrictions on Use of Service	83
29	Initiating Service	83 84
29.1	Condition Precedent for Receiving Service.....	83 84
29.2	Application Procedures	84
29.3	Technical Arrangements to be Completed Prior to Commencement of Service.....	88
29.4	Network Customer Facilities	88 89
29.5	Filing of Service Agreement.....	89
30	Network Resources.....	89
30.1	Designation of Network Resources	89
30.2	Designation of New Network Resources	89 90
30.3	Termination of Network Resources.....	90
30.4	Operation of Network Resources	91 92
30.5	Network Customer Redispatch Obligation.....	92 93
30.6	Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Owner.....	92 93
30.7	Limitation on Designation of Network Resources	93
30.8	Use of Interface Capacity by the Network Customer.....	93 94
30.9	Network Customer Owned Transmission Facilities	93 94
31	Designation of Network Load	94 95
31.1	Network Load	94 95
31.2	New Network Loads Connected With the Transmission Owner	94 95
31.3	Network Load Not Physically Interconnected with the Transmission Owner	95
31.4	New Interconnection Points	95 96
31.5	Changes in Service Requests.....	95 96
31.6	Limitations on Charges and Cost Responsibilities.....	96
31.7	Annual Load and Resource Information Updates	96 97

32	Additional Study Procedures For Network Integration Transmission Service Requests.....	96 <u>97</u>
32.1	Notice of Need for System Impact Study.....	96 <u>97</u>
32.2	System Impact Study Agreement and Cost Reimbursement.....	97 <u>98</u>
32.3	System Impact Study Procedures.....	98 <u>99</u>
32.4	Facilities Study Procedures.....	99 <u>100</u>
32.5	Penalties for Failure to Meet Study Deadlines.....	101
32.6	Procedure for Clustering System Impact Study Requests.....	101 <u>102</u>
33	Load Shedding and Curtailments.....	104 <u>105</u>
33.1	Procedures.....	104 <u>105</u>
33.2	Transmission Constraints.....	105 <u>106</u>
33.3	Cost Responsibility for Relieving Transmission Constraints.....	105 <u>106</u>
33.4	Curtailments of Scheduled Deliveries.....	106 <u>107</u>
33.5	Allocation of Curtailments.....	106 <u>107</u>
33.6	Load Shedding.....	106 <u>107</u>
33.7	System Reliability.....	106 <u>107</u>
34	Rates and Charges.....	107 <u>108</u>
34.1	Charge.....	107 <u>109</u>
34.2	Determination of Network Customer's Monthly Network Load:.....	108 <u>109</u>
34.3	Determination of Transmission Owner's Monthly Transmission System Load.....	108 <u>109</u>
34.4	Redispatch Charge.....	108 <u>109</u>
34.5	Stranded Cost Recovery.....	108 <u>109</u>
34.6	Incremental Cost Charge.....	109 <u>110</u>
35	Operating Arrangements.....	109 <u>110</u>
35.1	Operation Under The Network Operating Agreement.....	109 <u>110</u>
35.2	Network Operating Agreement.....	109 <u>110</u>
35.3	Network Operating Committee.....	110 <u>111</u>
	SCHEDULE 1 Scheduling, System Control and Dispatch Service.....	111 <u>112</u>
	SCHEDULE 2 Reactive Supply and Voltage Control from Generation Sources Service.....	113
	SCHEDULE 3 Regulation and Frequency Response Service.....	118
	SCHEDULE 4 Energy Imbalance Service.....	120
	SCHEDULE 5 Operating Reserve - Spinning Reserve Service.....	124
	SCHEDULE 6 Operating Reserve - Supplemental Reserve Service.....	126
	SCHEDULE 7 Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service.....	128
	SCHEDULE 8 Non-Firm Point-To-Point Transmission Service.....	130
	SCHEDULE 9 Generator Imbalance Service.....	132
	SCHEDULE 10 Network Integration Transmission Service.....	137
	SCHEDULE 11 Loss Compensation Service.....	138
	SCHEDULE 12 Distribution of Penalty Revenues.....	139
	Schedule 13 Unreserved Use Penalty.....	141
	ATTACHMENT A Form Of Service Agreement For Firm Point-To-Point Transmission Service.....	142
	ATTACHMENT A-1 Form Of Service Agreement For The Resale, Reassignment Or Transfer Of Point-To-Point Transmission Service.....	145

ATTACHMENT B Form Of Service Agreement For Non-Firm Point-To-Point Transmission Service	149
ATTACHMENT C Methodology to Assess Available Transfer Capability.....	151
ATTACHMENT D Methodology for Completing a System Impact Study.....	165
ATTACHMENT D Methodology for Completing a System Impact Study.....	165
ATTACHMENT E Index Of Existing Transmission Customers.....	166
ATTACHMENT F Service Agreement for Network Integration Transmission Service	170
ATTACHMENT G Network Operating Agreement.....	173
ATTACHMENT H Reserved.....	180
ATTACHMENT I Index Of Network Integration Transmission Service Customers.....	181
ATTACHMENT J.....	182
ATTACHMENT K Transmission Planning Process	183
ATTACHMENT L Creditworthiness Procedures 240	
ATTACHMENT M STANDARD LARGE GENERATOR INTERCONNECTION PROCEDURES (LGIP)	45245
APPENDIX 1 to LGIP INTERCONNECTION REQUEST FOR A LARGE GENERATING FACILITY	84284
APPENDIX 2 to LGIP INTERCONNECTION FEASIBILITY STUDY AGREEMENT	90290
APPENDIX 3 to LGIP INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT	94294
APPENDIX 4 to LGIP INTERCONNECTION FACILITIES STUDY AGREEMENT	98298
APPENDIX 5 to LGIP OPTIONAL INTERCONNECTION STUDY AGREEMENT.....	103303
APPENDIX 6 TO THE LGIP STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT (LGIA)	105305
Appendix A to LGIA	379
Appendix B to LGIA	380
Appendix C to LGIA	381
Appendix D to LGIA	382
Appendix E to LGIA	383
Appendix F to LGIA	384
Appendix G to LGIA	385
ATTACHMENT N SMALL GENERATOR INTERCONNECTION PROCEDURES (SGIP)	186386
Appendix 1 to SGIP Glossary of Terms.....	202402
Appendix 2 to SGIP SMALL GENERATOR INTERCONNECTION REQUEST	205404
Appendix 3 to SGIP Certification Codes and Standards.....	212411
Appendix 4 to SGIP Certification of Small Generator Equipment Packages	213412
Appendix 5 to SGIP Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10 kW (" <u>10 kW Inverter Process</u> ")	214413
Appendix 6 to SGIP Feasibility Study Agreement.....	224423
Appendix 7 to SGIP System Impact Study Agreement.....	228427
Appendix 8 to SGIP Facilities Study Agreement.....	233432
Appendix 8 to SGIP SMALL GENERATOR INTERCONNECTION AGREEMENT (SGIA)	238437
Appendix A to SGIA	461

<u>Appendix B to SGIA</u>	464
<u>Appendix C to SGIA</u>	465
<u>Appendix D to SGIA</u>	466
<u>Appendix E to SGIA</u>	467
<u>Appendix F to SGIA</u>	468
ATTACHMENT O RATE FORMULAE FOR NETWORK INTEGRATION TRANSMISSION SERVICE	270 <u>469</u>
ATTACHMENT O RATE FORMULAE FOR POINT TO POINT TRANSMISSION SERVICE	274 <u>473</u>
ATTACHMENT P FUNCTIONS OF THE RELIABILITY COORDINATOR AND THE ITO	275 <u>RESERVED</u>
.....	474
ATTACHMENT Q AGREEMENTS <u>AGREEMENT</u> BETWEEN THE TRANSMISSION OWNER AND THE ITO AND THE RELIABILITY COORDINATOR	314 <u>475</u>
RELIABILITY COORDINATOR AGREEMENT	346 <u>480</u>
ATTACHMENT R FEASIBILITY ANALYSIS SERVICE (“FAS”) AGREEMENT	390 <u>519</u>

COMMON SERVICE PROVISIONS

1 Definitions

1.1 Affiliate

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

1.2 Ancillary Services

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

1.3 Annual Transmission Costs

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

1.4 Application

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

1.5 Commission

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

1.6 Completed Application

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

1.7 Control Area

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

1. match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
2. maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
3. maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
4. provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice. The term “Control Area Operator” as provided for herein, shall mean the party operating the Control Area.

1.8 Curtailment

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

1.9 Delivering Party

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

1.10 Designated Agent

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

1.11 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.

1.12 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.

1.13 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.

1.14 Feasibility Analysis

An informal assessment of the nature of, costs of, and construction timeline for any Direct Assignment Facilities and/or Network Upgrades necessary to provide Transmission or Network Integration Transmission Service to a requesting Eligible Customer.

1.15 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.

1.16 Good Utility Practice

Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act Section 214(a)(4).

~~1.17—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.~~

1.17 ~~1.18~~ Interruption

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

1.18 ~~1.19~~ 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 of the Tariff and calculated on a rolling twelve month basis.

1.19 ~~1.20~~ 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.

1.20 ~~1.21~~ 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.

1.21 ~~1.22~~ 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.

1.22 ~~1.23~~ **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.

1.23 ~~1.24~~ **Network Integration Transmission Service**

The transmission service provided under Part III of the Tariff.

1.24 ~~1.25~~ **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.

1.25 ~~1.26~~ **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.

1.26 ~~1.27~~ 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.

1.27 ~~1.28~~ Network Resource

Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.

1.28 ~~1.29~~ 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.

1.29 ~~1.30~~ 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.

1.30 ~~1.31~~ **Non-Firm Sale**

An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or the seller.

1.31 ~~1.32~~ **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.

1.32 ~~1.33~~ **Part I**

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

1.33 ~~1.34~~ **Part II**

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

1.34 ~~1.35~~ **Part III:**

Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.35 ~~1.36~~ **Parties**

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

1.36 ~~1.37~~ **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.

1.37 ~~1.38~~ 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.

1.38 ~~1.39~~ Point-To-Point Transmission Service

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

1.39 ~~1.40~~ Power Purchaser

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

1.40 ~~1.41~~ Pre-Confirmed Application

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

1.41 ~~1.42~~ Receiving Party

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

1.42 ~~1.43~~ Reliability Coordinator

The party charged with providing reliability coordination service for the Transmission Owner's system in accordance with [the Amended Reliability Coordinator Agreement attached hereto as Attachment P hereto Q](#) and any other applicable agreement or arrangements.

1.43 ~~1.44~~ Regional Transmission Group (RTG)

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

1.44 ~~1.45~~ 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.

1.45 ~~1.46~~ Service Agreement

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

1.46 ~~1.47~~ 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.

1.47 ~~1.48~~ 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.

1.48 ~~1.49~~ System Condition

A specified condition on the Transmission Owner's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger

Curtailed Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

1.49 ~~1.50~~ System Impact Study

An assessment by the ~~ITO~~ Transmission Owner of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or First Revised Sheet No. 22 Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

1.50 ~~1.51~~ 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.

1.51 ~~1.52~~ Transmission Customer

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

1.52 ~~1.53~~ 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~~iii) receive payment for Transmission Service as provided for in the Tariff.

1.53 ~~1.54~~ **[Reserved:]**

1.54 ~~1.55~~ **Transmission Owner Monthly Transmission System Peak**

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

1.55 ~~1.56~~ **Transmission Service**

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

1.56 ~~1.57~~ **Transmission System**

The facilities owned, controlled 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, Renewal Procedures, and Feasibility Analysis Service

2.1 Initial Allocation of Available Transfer 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 five years 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 ~~I/O~~ Transmission Owner 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; provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more. The existing firm service customer must provide notice to the Transmission Owner ~~and the I/O~~ whether it will exercise its right of first refusal no less than one year prior to the expiration of its transmission Service Agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer. Service Agreements subject to a right of first refusal entered into prior to [the date of the Transmission Owner's filing adopting the reformed rollover language herein in compliance with Order No. 890] or associated with a transmission service request received prior to July 13, 2007, unless terminated, will become subject to the five year/one year requirement on the first rollover date after [the date of the Transmission Owner's filing adopting the

reformed rollover language herein in compliance with Order No. 890]; provided that, the one-year notice requirement shall apply to such service agreements with five years or more left in their terms as of the [date of the Owner's filing adopting the reformed rollover language herein in compliance with Order No. 890].

2.3 Feasibility Analysis Service

At any time before making a new request for Point-to-Point or Network Integration Transmission Service, an Eligible Customer may request that the ~~HFO~~Transmission Owner perform, or cause to be performed (by a third party at the Transmission Owner ~~or another third party's option~~), a Feasibility Analysis. If such a request is made, the Feasibility Analysis shall be performed for a flat fee of \$5,000.

Within 15 days of receiving a request for FAS, the ~~HFO~~Transmission Owner shall tender an FAS Agreement (Attachment R to the OATT) to the requesting Eligible Customer. In order for the FAS request to remain valid, the requesting Eligible Customer shall return an executed FAS Agreement to the ~~HFO~~Transmission Owner within 15 days of receipt, along with payment of the \$5,000 fee. The ~~HFO~~Transmission Owner or its designee shall perform Feasibility Analyses in the order in which a completed and executed Feasibility Analysis, together with the \$5,000 fee, is received.

All Feasibility Analyses shall be performed on a non-discriminatory basis. The results of a Feasibility Analysis performed pursuant to this Section 2.3 shall be non-binding on either the requesting Eligible Customer or the ~~HFO~~Transmission Owner. Any System Impact Study or Facilities Study performed subsequent to a Feasibility Analysis may reach different results.

If the requesting Eligible Customer requests a System Impact Study after the FAS, the ~~I/O~~Transmission Owner shall credit the \$5,000 FAS fee towards the fee for performing a System Impact Study.

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 ~~I/O~~Transmission Owner 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 or Other Sources.

The ~~I/O~~Transmission Owner 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 I/O, from a third party (including the Transmission Owner),~~ from a third party, or by self- supply.

The Transmission Owner is required to provide ~~(or the I/O is required to offer to arrange with the local Control Area Operator as discussed below)~~, to the extent it is physically feasible to do so from its resources or from resources available to it, Generator Imbalance Service when Transmission Service is used to

deliver energy from a generator located within its Control Area. The Transmission Customer using Transmission Service to deliver energy from a generator located within the Transmission Owner's Control Area is required to acquire Generator Imbalance Service, whether from the Transmission Owner, from a third party, 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. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Owner associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

If the Transmission 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 TFO~~it 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 ~~HO~~[Transmission Owner](#) act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5, 6, and 9) from a third party or by self-supply when technically feasible.

The Transmission 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 3.7 below list the seven Ancillary Services.

3.1 Scheduling, System Control and Dispatch Service

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

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

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

3.3 Regulation and Frequency Response Service

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

3.4 Energy Imbalance Service

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

3.5 Operating Reserve - Spinning Reserve Service

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

3.6 Operating Reserve - Supplemental Reserve Service

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

3.7 Generator Imbalance Service

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

4 Open Access Same-Time Information System (OASIS)

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

The ~~HO~~Transmission Owner shall post on OASIS and ~~the Transmission Owner's~~sits public website an electronic link to all rules, standards and practices that (i) relate to the terms and conditions of transmission service, (ii) are not subject

to a North American Energy Standards Board (NAESB) copyright restriction, and (iii) are not otherwise included in this Tariff. The ~~HFO shall post on the~~ Transmission Owner's shall post on its OASIS and on the public website an electronic link to the NAESB website where any rules, standards and practices that are protected by copyright may be obtained. The ~~HFO~~ Transmission Owner shall also post on OASIS and on the public website an electronic link to a statement of the process by which the rules, standards and practices that are not included in this Tariff shall be added, deleted or otherwise modified. Such process shall set forth the means by which the ~~HFO~~ Transmission Owner shall provide reasonable advance notice to Transmission Customers and Eligible Customers of any such additions, deletions or modifications, the associated effective date, and any additional implementation procedures that the ~~HFO~~ Transmission Owner deems appropriate.

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

- (i) If the Transmission Owner 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.
- (ii) 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, or takes transmission service from, a power pool, Regional Transmission Group, Regional Transmission Organization (RTO) or Independent System Operator (ISO) or other transmission organization approved by the Commission for the operation of transmission facilities also agrees to provide comparable transmission service to the transmission-owning members of such power pool and Regional Transmission Group, RTO, ISO or other transmission organization on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate Affiliates.

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

7 Billing and Payment

7.1 Billing Procedure

Within a reasonable time after the first day of each month, the Transmission Owner shall submit an invoice to the Transmission Customer for the charges for all

services furnished under the Tariff during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the Transmission Owner, or by wire transfer to a bank named by the Transmission.

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 Transmission Owner.

7.3 Customer Default

In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission ~~Owner~~Owner on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Owner notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Owner 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 ~~HO~~Transmission Owner and the Transmission Customer, the Transmission Owner 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 Transmission Owner 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 Transmission Owner 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 ~~HTO~~[Transmission Owner](#) conducts to determine if ~~the Transmission Owner~~[it](#) 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 ~~IIO~~ Transmission Owner 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 IIO~~ ~~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

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

12 Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures

Any dispute between a Transmission Customer and the ~~ITO~~ Transmission Owner 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~~ Transmission Owner 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 transfer of such capacity and energy to designated Point(s) of Delivery. Transmission Customers shall arrange for such service with the

~~HO~~ [Transmission Owner](#).

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term

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

13.2 Reservation Priority

(i) Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service.

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

(iii) If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: one day before the commencement of daily service one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, an Eligible Customer with a reservation for shorter term service or equal duration service and a lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree

to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the ~~IFO~~Transmission Owner of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, price and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

(iv) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers, 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 ~~IFO 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 ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement. The Service Agreement shall, when applicable, specify any conditional curtailment options selected by the Transmission Customer. Where the Service Agreement contains conditional curtailment options and is subject to a biennial reassessment as described in Section 15.4, the ~~HQ~~Transmission Owner shall provide the Transmission Customer notice of any changes to the curtailment conditions no less than 90 days prior to the date for imposition of new curtailment conditions. Concurrent with such notice, the ~~HQ~~Transmission Owner shall provide the Transmission Customer with the reassessment study and a narrative description of the study, including the reasons for changes to the number of hours per year or System Conditions under which conditional curtailment may occur.

13.5 Transmission Customer Obligations for Facility Additions or Redispatch Costs

In cases where the ~~HØ~~Transmission Owner 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 ~~HØ~~Transmission Owner'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 Transmission Owner for any necessary transmission facility additions pursuant to the terms of Section 27 and the Schedules. To the extent the Transmission Owner can relieve any system constraint by redispatching the Transmission Owner's resources, the Transmission Owner shall do so, provided that the Eligible Customer agrees to compensate the Transmission Owner pursuant to the terms of Section 27 and agrees to either (i) compensate the Transmission Owner for any necessary transmission facility additions or (ii) accept the service subject to a biennial reassessment by the ~~HØ~~Transmission Owner of redispatch requirements as described in Section 15.4. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

13.6 Curtailment of Firm Transmission Service

In the event that a Curtailment on the Transmission 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. Long-Term Firm Point-to-Point Service subject to conditions described in Section 15.4 shall be curtailed with secondary service in cases where the conditions apply, but otherwise will be curtailed on a pro rata basis with other Firm Transmission Service. When the 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 through the scheduling function of the OASIS 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

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.
- (c) The Transmission 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 transfer capability is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service

along with a corresponding capacity reservation associated with each Point of Delivery, Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short- Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The ~~HFO~~[Transmission Owner](#) 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 or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved.

13.8 Scheduling of Firm Point-To-Point Transmission Service

Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the ~~HFO~~[Transmission Owner](#) 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-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 ~~HTO~~[Transmission Owner](#) 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 ~~HTO~~[Transmission Owner](#), and the ~~HTO~~[Transmission Owner](#) shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

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

14.1 Term

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

14.2 Reservation Priority

Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and

Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service, and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term request before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the ~~HO~~[Transmission Owner](#); 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 ~~HO~~[Transmission Owner](#). 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 ~~HQ~~[Transmission Owner](#) 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 ~~HQ~~[Transmission Owner](#) 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 [HΘTransmission Owner](#) 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 [HΘTransmission Owner](#) 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 [HΘTransmission Owner](#), and the [HΘTransmission Owner](#) 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, (4) transmission service for Network Customers from nondesignated resources or (5) transmission service for Firm Point-to-Point Transmission Service during conditional curtailment periods as described in Section 15.4. The ~~ISO~~[Control Area Operator](#) 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.

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 Transfer Capability

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

15.3 Initiating Service in the Absence of an Executed Service Agreement

If the ~~HQ~~[Transmission Owner](#) and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Owner shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the Transmission Owner to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the ~~HQ~~[Transmission Owner](#) 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, Redispatch or Conditional Curtailment

- (a) If the ~~HO~~Transmission Owner 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, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate the Transmission Owner for such costs pursuant to the terms of Section 27. The ~~HO~~Transmission Owner will follow Good Utility Practice and the planning obligations in Attachment K 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.
- (b) If the ~~HO~~Transmission Owner determines that a Completed Application for Long-Term 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 provide redispatch from its own resources until (i) Network Upgrades are completed

for the Transmission Customer, (ii) the ~~HFO~~Transmission Owner determines through a biennial reassessment that the redispatch can no longer be provided reliably, or (iii) the Transmission Customer terminates the service because of redispatch changes resulting from the reassessment. ~~Neither the~~The Transmission Owner ~~nor the HFO~~ shall not unreasonably deny self-provided redispatch or redispatch arranged by the Transmission Customer from a third party resource.

- (c) If the ~~HFO~~Transmission Owner determines that a Completed Application for Long-Term Firm Point-To-Point Transmission Service cannot be accommodated because of insufficient capability on the Transmission System, the ~~HFO~~Transmission Owner will offer the Firm Transmission Service with the condition that ~~the Transmission Owner~~it may curtail the service prior to the curtailment of other Firm Transmission Service for a specified number of hours per year or during System Condition(s). If the Transmission Customer accepts the service, the Transmission Owner will use due diligence to provide the service until (i) Network Upgrades are completed for the Transmission Customer, (ii) the ~~HFO~~Transmission Owner determines through a biennial reassessment that such service can no longer be provided reliably, or (iii) the Transmission Customer terminates the service because the reassessment increased the number of hours per year of conditional curtailment or changed the System Conditions.

15.5 Deferral of Service

The ~~HFO~~Transmission Owner may defer the commencement of service until ~~the~~ ~~Transmission Owner~~it completes construction of new transmission facilities or

upgrades needed to provide Firm Point-To-Point Transmission Service whenever the ~~HO~~ [Transmission Owner](#) 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, ~~as provided for in~~ [Schedule 11](#).

15.8 Service Agreements, GFAs, or OASIS Reservations in Effect as of December 28, 2004.

Pursuant to the terms of the Midwest ISO's Transmission Owner's Agreement Article V, as interpreted in *Louisville Gas & Electric Co., et al.* 114 FERC ¶ 61,282 (2006), all transmission agreements, GFAs, and OASIS reservations in place as of December 28, 2004 will receive service subject to the "service and pricing that they would have been entitled to receive, absent Applicants' withdrawal," (*Id.* at P 45) until said agreements, GFAs, or OASIS reservations terminate.. The transmission

agreements, GFAs and OASIS reservations covered by this hold harmless requirement are listed at Attachment E. For those agreements, GFAs, or OASIS reservations under which service has not terminated prior to Transmission Owner's withdrawal from the Midwest ISO, this "hold harmless" requirement will be implemented as follows:

- a. “Drive-In” to the Midwest ISO: With respect to any transaction in which a customer sells electricity generated with a source in the Transmission Owner’s control area and a sink in the Midwest ISO: (i) the Applicants shall waive Tariff and ancillary services billings, as applicable, which otherwise would have been incurred to transmit electricity to the Midwest ISO/LG&E/KU interface; and (ii) the customer shall continue to be responsible for all Midwest ISO Charges incurred to deliver such electricity to any point within the Midwest ISO beyond the Midwest ISO/LG&E-KU interface.
- b. “Drive-Out” of the Midwest ISO: With respect to any transaction in which a customer purchases electricity from a source in the Midwest ISO for delivery to such party’s load interconnected with the Transmission System: (i) Applicants shall credit their Tariff and ancillary services billings, as applicable, to the customer by an amount equal to the Midwest ISO Charges which the customer incurs to deliver such purchased electricity to the Midwest ISO/LG&E/KU interface, (provided, however, that no credit shall be applied for any Midwest ISO Charge for service that is not provided and charged by Applicants, *i.e.*, where there would be no pancaked charge), less any revenue that the customer receives as a Transmission Owner under the Midwest ISO; and (ii) the customer shall continue to be responsible for the Tariff and ancillary services billings, as applicable, incurred to deliver such electricity to their loads on the Applicants’ transmission system.
- c. For transactions that source in a Control Area other than the Midwest ISO and sink in the Transmission Owner’s Control Area these customers will still only pay the Transmission Owner’s Tariff and ancillary services charges.

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 ~~HO~~[Transmission Owner](#):

- (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;
- (e) The Transmission Customer provides the information required by the Transmission Owner's transmission planning process established in Attachment K; and
- (f) The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

16.2 Transmission Customer Responsibility for Third-Party Arrangements

Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the ~~HQ~~Transmission Owner, notification to the ~~HQ~~Transmission Owner identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner 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, Director, Transmission, P.O. Box 32020, Louisville, Kentucky 40232,~~ at least sixty (60) days in advance of the calendar month in which service is to commence. The ~~HTO~~Transmission Owner 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 ~~HTO~~Transmission Owner by telefax, or (ii) providing the information by telephone over the ~~HTO~~Transmission Owner's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application

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

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

- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The ~~HO~~[Transmission Owner](#) 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 ~~HO~~[Transmission Owner](#) shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service;
- (viii) The transfer capability 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 transfer capability requirement;
- (ix) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Owner can provide the requested Transmission Service; and
- (x) Any additional information required by the Transmission Owner's planning process established in Attachment K.

The ~~HO~~[Transmission Owner](#) 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 ~~HFO~~ [Transmission Owner](#) 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 ~~HFO~~ [Transmission Owner](#) 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 HFO 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 ~~HFO~~ [Transmission Owner](#) to the extent such costs have not already been recovered by the ~~HFO~~ [Transmission Owner](#) from the Eligible Customer. The Transmission Owner 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 [HFO Transmission Owner](#) shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The [HFO Transmission Owner](#) will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the [HFO Transmission Owner](#) 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 [HFO Transmission Owner](#) shall make a determination of available transfer capability as required in Section 15.2. The [HFO Transmission Owner](#) 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 [HFO Transmission Owner](#) 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 ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service

The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof within 15 days of notifying the Transmission Owner ~~and HO~~ that it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days the original Transmission Customer agrees to pay the Firm

Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

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

18.1 Application

Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the [FTO Transmission Owner](#). 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 [FTO Transmission Owner](#) by telefax, or (ii) providing the information by telephone over the [FTO Transmission Owner](#)'s time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

18.2 Completed Application

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

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

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

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 ~~HØ~~Transmission Owner also may ask the Transmission Customer to provide the following:

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

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

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

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

Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon 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 Transfer Capability

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

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

19.1 Notice of Need for System Impact Study

After receiving a request for service, the ~~HOT~~[Transmission Owner](#) shall determine on a nondiscriminatory basis whether a System Impact Study is needed. A

description of the ~~HTO~~Transmission Owner's methodology for completing a System Impact Study is provided in Attachment D. If the ~~HTO~~Transmission Owner determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify the ~~HTO~~Transmission Owner if it elects to have the ~~HTO~~Transmission Owner study resubmit or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options. The ~~HTO~~Transmission Owner 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 ~~HTO~~Transmission Owner for the actual costs of the System Impact Study, including any costs incurred by the ~~HTO or the~~ Transmission Owner with performing ~~their respective~~its 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 ~~HTO~~Transmission Owner within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

19.2 System Impact Study Agreement and Cost Reimbursement

- (i) The System Impact Study Agreement will clearly specify the ~~HTO~~Transmission Owner'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

~~IHO~~ Transmission Owner shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the ~~IHO~~ Transmission Owner to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies ~~that the IHO conducts for,~~ the Transmission Owner, ~~the IHO~~ 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 ~~IHO~~ Transmission Owner will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including an estimate of the cost of redispatch, (3) conditional curtailment options (when requested by an Eligible Customer) including the number of hours per year and the System Conditions during which conditional

curtailment may occur and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Owner's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the ~~HFO~~Transmission Owner possesses information indicating that any resource outside the Transmission Owner's Control Area could relieve the constraint, each such resource shall be identified in the System Impact Study. In the event that the ~~HFO~~Transmission Owner is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The ~~HFO~~Transmission Owner 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~~itself. The ~~HFO~~Transmission Owner 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 Procedure for Clustering System Impact Study Requests

If an Eligible Customer or Eligible Customers wish to have their System Impact Studies clustered together, the following procedures will be implemented. On August 1st each year the ~~H~~[H](#)~~O~~[Transmission Owner](#) will announce via OASIS posting the opening of a “clustering window” which will close on January 31st. Any Eligible Customer who executes a System Impact Study Agreement during the clustering window, and indicates that its System Impact Study should be clustered with others, will be held until the end of the clustering window. The ~~H~~[H](#)~~O~~[Transmission Owner](#) will commence the clustered System Impact Study on March 1st and will use due diligence to complete the clustered System Impact Study within a sixty (60) day period. On February 1st each year the ~~H~~[H](#)~~O~~[Transmission Owner](#) will announce via OASIS posting the opening of a second “clustering window” which will close on July 31st. Any Eligible Customer who executes a System Impact Study Agreement during the clustering window, and indicates that its System Impact Study should be clustered with others, will be held until the end of the clustering window. The ~~H~~[H](#)~~O~~[Transmission Owner](#) will commence that clustered System Impact Study on September 1st and will use due diligence to complete the clustered System Impact Study within a sixty (60) day period.

System Impact Studies that are clustered shall be treated as a single System Impact Study for all purposes, and shall be performed pursuant to a single System Impact Study Agreement entered into ~~among~~between the ~~HFO~~Transmission Owner and the Eligible Customers that have submitted service requests that have been clustered. Unless otherwise stated in such agreement, the cost for the completion of the System Impact Study shall be allocated in equal shares based on the number of transmission service requests to be included in the clustered System Impact Study (e.g., if there are ten transmission service requests to be studied, each transmission service request shall be allocated 10% of the cost of the study). Facilities Studies that are clustered shall be treated as a single Facilities Study for all purposes, and shall be performed pursuant to a single Facilities Study Agreement entered into ~~among~~between the ~~HFO~~Transmission Owner and the Eligible Customers that have submitted service requests that have been clustered. Unless otherwise stated in such agreement, the cost for the completion of the Facilities Study shall be allocated in equal shares based on the number of transmission service requests to be included in the clustered System Impact Study (e.g., if there are ten transmission service requests to be studied, each transmission service request shall be allocated 10% of the cost of the study).

An Eligible Customer can opt out of a cluster only during the period of time after the completion of the applicable System Impact Study and before the applicable Facilities Study. In the event that an Eligible Customer opts out of a cluster, the Eligible Customer who is opting out shall still be responsible for its

share of the costs for the System Impact Study, and the costs associated with the Facilities Study will be allocated in equal shares among the remaining

transmission service requests. The Eligible Customer that opted out of the cluster may elect to enter the study queue by requesting a new individual study or as part of a new cluster.

Unless otherwise agreed, the Transmission Owner shall not be required to undertake any Transmission System upgrades or additions identified by a clustered Facilities Study unless all of the Eligible Customers for which the studies have been clustered execute Service Agreements, under which they are obligated to pay the total costs of such upgrades or additions, and to provide the required security.

Any Eligible Customers who choose to have their transmission service requests clustered bear the risk that the System Impact Study queue will continue while the clustering window is pending. If an Eligible Customer chooses to have its transmission service request clustered, such Eligible Customer may not concurrently request an individual System Impact Study. If an Eligible Customer requests and receives an individual System Impact Study prior or subsequent to participating in a clustered System Impact Study, such Eligible Customer shall bear the costs of its individual System Impact Study, as well as its share of the clustered System Impact Study.

19.5 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 ~~HO~~[Transmission Owner](#), 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 ~~HO~~[Transmission Owner](#) for the actual costs of the Facilities Study, including any

costs incurred by the ~~HFO or the~~ Transmission Owner with respect to performing ~~their respective~~its 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 ~~HFO~~Transmission Owner 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 ~~HFO~~Transmission Owner 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 ~~HFO~~Transmission Owner 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.

19.6 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.

19.7 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.

19.8 Partial Interim Service

If the ~~HO~~ [Transmission Owner](#) determines that adequate transfer 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.

19.9 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 ~~HFO~~[Transmission Owner](#) 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 ~~HFO~~[Transmission Owner](#) 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.

19.10 Penalties for Failure to Meet Study Deadlines:

Sections 19.3 and 19.5 require ~~the ITO and~~ the Transmission Owner to use due diligence to meet 60-day study completion deadlines for System Impact Studies and Facilities Studies, respectively.

- (i) The ~~ITO~~ Transmission Owner is required to file a notice with the Commission in the event that more than twenty (20) percent of non-Affiliates' System Impact Studies and Facilities Studies completed by the ~~ITO or~~ Transmission Owner in any two consecutive calendar quarters are not completed within the 60-day study completion deadlines. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.
- (ii) For the purposes of calculating the percent of non-Affiliates' System Impact Studies and Facilities Studies processed outside of the 60-day study completion deadlines, the ~~ITO~~ Transmission Owner shall consider all System Impact Studies and Facilities Studies that were completed for non-Affiliates during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are completed on time by the total number of completed studies. The ~~ITO~~ Transmission Owner may provide an explanation in the notification filing to the Commission if the ~~ITO or the~~ Transmission Owner ~~believe~~ believes there are extenuating circumstances that prevented either entity from meeting the 60-day study completion deadlines.
- (iii) An operational penalty will be incurred if ten (10) percent or more of non-Affiliates' System Impact or Facilities Studies are completed outside of the

60-day study completion deadlines for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered the ~~HO~~[Transmission Owner](#)'s notification filing to the Commission. The operational penalty will continue to be assessed each quarter until at least ninety (90) percent of all non-Affiliates' System Impact and Facilities Studies are completed within the 60-day deadline.

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

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 ~~HO~~[Transmission Owner](#) shall promptly notify the Transmission Customer. In such circumstances, the ~~HO~~[Transmission Owner](#) 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~~Transmission Owner 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~~Transmission Owner 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~~Transmission Owner shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the ~~ITO~~Transmission Owner 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~~Transmission Owner 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 IFO 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 ~~IFO~~ Transmission Owner 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 IFO 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 ~~IFO~~ Transmission Owner 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 may make a request to the ~~HO~~[Transmission Owner](#) 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 nonfirm 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.

22.2 Modification On a Firm Basis

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

23 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service

Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to Resellers shall not exceed the higher of (i) the original rate paid by 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; provided that, for service prior to October 1, 2010, compensation to Resellers shall be at rates established by the Reseller and the Assignee.

The Assignee must execute a service agreement with the Transmission Owner governing reassignments of transmission service prior to the date on which the reassigned service commences. The Transmission Owner shall charge the Reseller, as appropriate, the rate stated in Reseller's Service Agreement with the Transmission Owner or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Transmission Owner or the associated OASIS schedule; provided that such credit shall be reversed in the event of a non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the ~~HO~~Transmission Owner pursuant to Section 13.2.

23.2 Limitations on Assignment or Transfer of Service

If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Owner ~~and HO~~ 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 ~~HO~~Transmission Owner for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional

costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Transmission Owner, ~~HFO~~, and the Reseller through an amendment to the Service Agreement.

23.3 Information on Assignment or Transfer of Service

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

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

24.1 Transmission Customer Obligations

Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to the ~~HFO~~ [Transmission Owner](#). Such equipment shall remain the property of the Transmission Customer.

24.2 ~~HFO~~ [Transmission Owner](#) Access to Metering Data

The ~~HFO~~ [Transmission Owner](#) shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

24.3 Power Factor

Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Owner pursuant to Good

Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

25 Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedule 7); and Non-Firm Point-To-Point Transmission Service (Schedule 8). 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.

26 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.

27 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study is performed by the ~~TTO~~ Transmission Owner 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 ~~TTO or a~~ Transmission Owner identifies capacity constraints that may be relieved by redispatching the Transmission Owner resources, 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~~ as available basis without additional charge. Transmission service for sales to nondesignated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff.

28 Nature of Network Integration Transmission Service

28.1 Scope of Service

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

28.2 Transmission 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 and its planning obligations in Attachment K 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 ~~HO~~[Transmission Owner](#) to calculate available transfer 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 transfer capability 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.

28.3 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.

28.4 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. Secondary service shall not require the filing of an Application for Network Integration Service under the Tariff. However, all other requirements

of Party III of the Tariff (except for transmission rates) shall apply to secondary service. Deliveries from resources other than Network Resources will have a higher priority than any Non- Firm Point-To-Point Transmission Service under Part II of the Tariff.

28.5 Real Power Losses

Real Power Losses are associated with all transmission service. The Transmission 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 ~~HO~~[Transmission Owner](#). The applicable Real Power Loss factor is 3% of the hourly scheduled load, ~~as provided for in Schedule 11.~~

28.6 Restrictions on Use of Service

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

29 Initiating Service

29.1 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 ~~IHO~~Transmission Owner complete the technical arrangements set forth in Sections and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that the ~~IHO and~~ Transmission Owner file a proposed unexecuted Service Agreement with the Commission, and (iv) the Eligible Customer executes a Network Operating Agreement with ~~the IHO and~~ the Transmission Owner pursuant to Attachment G.

29.2 Application Procedures

An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the ~~IHO~~Transmission Owner 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 ~~IHO~~Transmission Owner by telefax, or

(ii) providing the information by telephone over the ~~FTO~~[Transmission Owner](#)'s time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

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

- Maintenance schedules - Minimum loading level of unit
- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in the Control Area, where only a portion of unit output is designated as a Network Resource

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

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

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

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission 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.
- (vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year;
- (viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a ~~noninterruptible~~non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and
- (ix) Any additional information required of the Transmission Customer as specified in the Transmission Owner's planning process established in Attachment K.

Unless the Parties agree to a different time frame, the ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the ~~HQ~~Transmission Owner will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

29.3 Technical Arrangements to be Completed Prior to Commencement of Service

Network Integration Transmission Service shall not commence until the Transmission Owner and the Network Customer, or a third party at the Transmission Owner's option, 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.

29.4 Network Customer Facilities

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

29.5 Filing of Service Agreement

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

30 Network Resources

30.1 Designation of Network Resources

Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall

initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources

The Network Customer may designate a new Network Resource by providing the ~~HTO~~[Transmission Owner](#) with as much advance notice as practicable. A designation of a new Network Resource must be made through the Transmission Owner's OASIS by a request for modification of service pursuant to an Application under Section 29. This request must include a statement that the new network resource satisfies the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer's request will be deemed deficient if it does not include this statement and the ~~HTO~~[Transmission Owner](#) will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.3 Termination of Network Resources

The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource by providing notification to the ~~HTO~~[Transmission Owner](#) through OASIS as soon as reasonably practicable, but not later than the firm scheduling deadline for the period of termination. Any request for termination of

Network Resource status must be submitted on OASIS, and should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the identification and capacity of the resource(s) or portions thereof to be indefinitely terminated. A request for temporary termination of Network Resource status must include the following:

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

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the ~~HTO~~[Transmission Owner](#) will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.4 Operation of Network Resources

The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission 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, plus power sales under a reserve sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Control Area Operator to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Owner's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Owner's Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. The Transmission Owner shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Owner's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.

30.5 Network Customer Redispatch Obligation

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

30.6 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 ~~HO~~ [Transmission Owner](#) will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

30.7 Limitation on Designation of Network Resources

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

30.8 Use of Interface Capacity by the Network Customer

There is no limitation upon a Network Customer's use of the Transmission 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.

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

31 Designation of Network Load

31.1 Network Load

The Network Customer must designate the individual Network Loads on whose behalf the Transmission Owner will make available Network Integration

Transmission Service. The Network Loads shall be specified in the Service Agreement.

31.2 New Network Loads Connected With the Transmission Owner

The Network Customer shall provide the ~~HO~~[Transmission Owner](#) 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 32.4 and shall be charged to the Network Customer in accordance with Commission policies.

31.3 Network Load Not Physically Interconnected with the Transmission Owner

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

31.4 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 ~~HQ~~[Transmission Owner](#) with as much advance notice as reasonably practicable.

31.5 Changes in Service Requests

Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the Transmission Owner and charged to the Network Customer as reflected in the Service Agreement. However, the ~~HQ~~[Transmission Owner](#) must treat any requested change in Network Integration Transmission Service in a non discriminatory manner.

31.6 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.

31.7 Annual Load and Resource Information Updates

The Network Customer shall provide the ~~HQ~~[Transmission Owner](#) with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under

Part III of the Tariff, including, but not limited to any information provided under Section 29.2(ix) pursuant to the Transmission Owner's planning process in Attachment K. The Network Customer also shall provide the ~~HFO~~Transmission Owner 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.

32 Additional Study Procedures For Network Integration Transmission Service Requests

32.1 Notice of Need for System Impact Study

After receiving a request for service, the ~~HFO~~Transmission Owner shall determine on a nondiscriminatory basis whether a System Impact Study is needed. A description of the ~~HFO~~Transmission Owner's methodology for completing a System Impact Study is provided in Attachment D. If the ~~HFO~~Transmission Owner 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 ~~HFO~~Transmission Owner 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 ~~HFO~~Transmission Owner for the actual costs of the System Impact Study, including any costs incurred by the ~~HFO or the~~ Transmission Owner with performing ~~their respective~~its 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 ~~HFO~~Transmission Owner within fifteen (15) days. If

the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

32.2 System Impact Study Agreement and Cost Reimbursement

- (i) The System Impact Study Agreement will clearly specify the ~~ITO~~Transmission Owner'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~~Transmission Owner shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) ~~For System Impact Studies that the ITO conducts for the~~The Transmission Owner, ~~the ITO~~ shall record the cost of the System Impact Studies pursuant to Section 8.

32.3 System Impact Study Procedures

Upon receipt of an executed System Impact Study Agreement, the ~~HO~~[Transmission Owner](#) will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including, to the extent possible, an estimate of the cost of redispatch (3) available options for installation of automatic devices to curtail service (when requested by an Eligible Customer), and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Owner's control area that can significantly contribute toward relieving system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Owner possesses information that any resource outside its Control Area could relieve the constraint, it shall identify each resource in the System Impact Study. In the event that the ~~HO~~[Transmission Owner](#) is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The ~~HO~~[Transmission Owner](#) 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~~itself. The ~~HO~~Transmission Owner 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 either (i) a determination that no System Impact Study is needed, or (ii) the completion of the System Impact Study and a determination that no Facilities Study is needed, the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement or the Application shall be deemed terminated and withdrawn.

32.4 Facilities Study Procedures

If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the ~~HO~~Transmission Owner, 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 HO and~~ the Transmission Owner for the actual costs of the Facilities Study, including any costs incurred by ~~the HO 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 ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner is unable to complete the Facilities Study in the allotted time period, the ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner 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.

32.5 Penalties for Failure to Meet Study Deadlines

Section 19.10 defines penalties that apply for failure to meet the 60-day study completion due diligence deadlines for System Impact Studies and Facilities Studies under Part II of the Tariff. These same requirements and penalties apply to Part III of the Tariff.

32.6 Procedure for Clustering System Impact Study Requests

If an Eligible Customer or Eligible Customers wish to have their System Impact Studies clustered together, the following procedures will be implemented. On August 1st each year the [HFO Transmission Owner](#) will announce via OASIS posting the opening of a “clustering window” which will close on January 31st. Any Eligible Customer who executes a System Impact Study Agreement during the clustering window, and indicates that its System Impact Study should be clustered with others, will be held until the end of the clustering window. The [HFO Transmission Owner](#) will commence the clustered System Impact Study on March 1st and will use due diligence to complete the clustered System Impact Study within a sixty (60) day period. On February 1st each year the [HFO Transmission Owner](#) will announce via OASIS posting the opening of a second “clustering window” which will close on July 31st. Any Eligible Customer who executes a System Impact Study Agreement during the clustering window, and indicates that its System Impact Study should be clustered with others, will be held until the end of the clustering window. The [HFO Transmission Owner](#) will commence that clustered System Impact Study on September 1st and will use due diligence to complete the clustered System Impact Study within a sixty (60) day period.

System Impact Studies that are clustered shall be treated as a single System Impact Study for all purposes, and shall be performed pursuant to a single System Impact Study Agreement entered into [amongbetween](#) the [HFO Transmission Owner](#) and the Eligible

Customers that have submitted service requests that have been clustered. Unless otherwise stated in such agreement, the cost for the completion of the System Impact Study shall be allocated in equal shares based on the number of transmission service requests to be included in the clustered System Impact Study (e.g., if there are ten transmission service requests to be studied, each transmission service request shall be allocated 10% of the cost of the study). Facilities Studies that are clustered shall be treated as a single Facilities Study for all purposes, and shall be performed pursuant to a single Facilities Study Agreement entered into ~~among~~between the ~~HO~~Transmission Owner and the Eligible Customers that have submitted service requests that have been clustered. Unless otherwise stated in such agreement, the cost for the completion of the Facilities Study shall be allocated in equal shares based on the number of transmission service requests to be included in the clustered System Impact Study (e.g., if there are ten transmission service requests to be studied, each transmission service request shall be allocated 10% of the cost of the study).

An Eligible Customer can opt out of a cluster only during the period of time after the completion of the applicable System Impact Study and before the applicable Facilities Study. In the event that an Eligible Customer opts out of a cluster, the Eligible Customer who is opting out shall still be responsible for its share of the costs for the System Impact Study, and the costs associated with the Facilities Study will be allocated in equal shares among the remaining transmission service requests. The Eligible Customer that opted out of the cluster may elect to

enter the study queue by requesting a new individual study or as part of a new cluster.

Unless otherwise agreed, the Transmission Owner shall not be required to undertake any Transmission System upgrades or additions identified by a clustered Facilities Study unless all of the Eligible Customers for which the studies have been clustered execute Service Agreements, under which they are obligated to pay the total costs of such upgrades or additions, and to provide the required security. Any Eligible Customers who choose to have their transmission service requests clustered bear the risk that the System Impact Study queue will continue while the clustering window is pending. If an Eligible Customer chooses to have its transmission service request clustered, such Eligible Customer may not concurrently request an individual System Impact Study. If an Eligible Customer requests and receives an individual System Impact Study prior or subsequent to participating in a clustered System Impact Study, such Eligible Customer shall bear the costs of its individual System Impact Study, as well as its share of the clustered System Impact Study.

33 Load Shedding and Curtailments

33.1 Procedures

Prior to the Service Commencement Date, the ~~TFO, 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 ~~TFO or~~ Control Area Operator will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

33.2 Transmission Constraints

During any period when the ~~IIO~~ or Control Area Operator (pursuant to directions from the applicable Reliability Coordinator) 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.

33.3 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.

33.4 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.

33.5 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.

33.6 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.

33.7 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 ~~IPO~~[Transmission Owner](#) shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

34 Rates and Charges

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

34.1 Charge

The Network Customer shall pay the charges set forth in Schedule 9.

34.2 Determination of Network Customer's Monthly Network Load:

The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with the Transmission

Owner under Section 31.3) coincident with the Transmission Owner's Monthly Transmission System Peak.

34.3 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.

34.4 Redispatch Charge

The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Network Customer and the Transmission Owner pursuant to Section 33. 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.

34.5 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.

34.6 Incremental Cost Charge

The Transmission Customer shall pay, either in a lump sum or on a monthly basis as agreed to by the ~~HO~~ [Transmission Owner](#), 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.

35 Operating Arrangements

35.1 Operation Under The Network Operating Agreement

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

35.2 Network Operating Agreement

The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Owner's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the ~~HFO~~ [Transmission Owner](#) 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 33, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational

considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization (ERO) as defined in 18 C.F.R. § 39.1, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with 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 the applicable guidelines of the ERO. The ~~I/O~~ 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.

35.3 Network Operating Committee

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

SCHEDULE 1
Scheduling, System Control and Dispatch Service

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is 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.

Service under this Schedule shall be at a single, system-wide rate. Amounts to be recovered under this Schedule 1 shall be calculated as follows:

$$(1 - 2 \pm 3) \div 4$$

Where:

- 1 = The sum of all costs booked to FERC Account No. 561 (including all sub-accounts) in the most recent calendar year.
- 2 = The sum of all charges under this Schedule assessed to firm transactions of less than one year, all non-firm transactions, and any other transactions whose loads are not included in the divisor used to calculate the long-term firm and network service transmission rates in Schedules 7 and Schedule 10 as determined in accordance with Attachment O.
3. = A true up of the difference in the amounts expected to be recovered under Schedule 1 for the prior year and the amounts actually recovered under Schedule 1 for the prior year.
- 4 = The Divisor used to calculate the long-term firm and network service transmission rates in Schedules 7 and Schedule 10 as determined in accordance with Attachment O.

This rate shall be updated on an annual basis on or before May 1 of each year. The formula above produces the Annual Rate in \$/kw-year. The Monthly Rate (\$/kw-mo.) will then be calculated by dividing the Annual Rate by 12, the Weekly Rate (\$/kw-week) will be the Annual Rate divided by 52, the Daily Rate (\$/kw-day) will be the Annual Rate divided by 365 and the Hourly Rate (\$/kwh)

will be the Annual Rate divided by 8760. The rates shall be posted on the Transmission Owner's OASIS.

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 operators 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.

All generators, affiliated or unaffiliated with the Transmission Owner, are to be compensated on a comparable basis. Specifically, all generators, affiliated or unaffiliated, meeting the qualifying requirements described in this Schedule 2, will be compensated \$5.00 per MVARh for reactive power produced outside the power factor deadband (.95 leading to .95 lagging). There will be no compensation to all generators, affiliated or unaffiliated, for reactive power produced within the power factor deadband (.95 leading to .95 lagging). The power factor is measured or determined by the integrated hourly MW and MVAR values at a generator's Point of Interconnection, *i.e.*, where the generator connects to the Transmission System. A generator that produces less than 1 MVARh over the integrated hour will not receive compensation for reactive power for those hours.

QUALIFIED GENERATOR REQUIREMENTS

Any existing or new generator in Transmission Owner's control area will be deemed a Qualified Generator and will continue to be so qualified provided that a copy of the NERC audit or a self-certification of compliance with NERC Standard VAR-002 is received by Transmission Owner, in any year that such audit or such self-certification is required. All Qualified Generators must meet the technical requirements below.

A. Technical:

1. Each Qualified Generator must be interconnected to the Transmission Owner's Transmission System.
2. Each Qualified Generator must remain in compliance by NERC/SERC or continue to self-certify as (a) fully compliant; (b) level 1 non-compliant; or (c) level 2 non-compliant with NERC Standard VAR-002, when such self-certification is required.
3. Each Qualified Generator must designate the entity that is to receive dispatch instructions and the entity to receive compensation.
4. Each Qualified Generator shall maintain the capability to provide MWh, MVARh and voltage data, by such means of transmittal, at such intervals, and at such accuracy level, as may be required by NERC/SERC standards.
5. The generation resource must be able to meet a voltage schedule, to be posted on OASIS, which is based on a percentage of the nominal interconnection line voltage, with differentiation based on on-peak, off-peak, and shoulder-peak conditions. The uniform voltage schedule will be subject to exception where (a) the generation resource would be required to exceed its operational limits to produce reactive power; or (b) necessary to coordinate with neighboring control area operators in order to maintain reliability. All exceptions will be granted on a non-discriminatory basis and posted on OASIS.

B. Re-Evaluation of Qualified Generator Status

1. If a Qualified Generator fails to notify Transmission Owner that Qualified Generator's automatic voltage regulator is out of service three or more times in a calendar month, the

Transmission Owner shall determine whether the generation resource should continue to be a Qualified Generator based on the technical criteria established above.

2. If the Transmission Owner determines that the generator should not continue to be a Qualified Generator, the Transmission Owner shall notify the owner and stop providing reactive compensation to such generator owner.

C. Regaining Qualified Generator status:

If a generator has had its status as a Qualified Generator removed by the Transmission Owner, such generator may be reinstated to receive reactive compensation two (2) billing months after disqualification. If the owner of the generator desires to be reinstated, it must make application for such reinstatement to the Transmission Owner and demonstrate that the cause(s) for the disqualification has been remedied. The Transmission Owner shall waive the two month period and immediately reinstate the Qualified Generator status if it determines that such status was erroneously removed.

TRANSMISSION CUSTOMER CHARGES

Reactive Supply and Voltage Control from Generation Sources is to be provided directly by the Transmission Owner or indirectly by the ~~HO~~[Transmission Owner](#) making arrangements with the ~~Transmission Owner to perform~~[Control Area Operator that performs](#) 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 ON-PEAK-OFF- PEAK Firm: Up To	ON-PEAK-OFF- PEAK Non-Firm: Up To	Network: 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)		\$ 0.0003/0.00016	

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 of Reserved Capacity for this service in any hour during such week.

The Transmission Owner will provide a true-up filing annually showing the actual compensation paid to generators for reactive power outside the bandwidth and provide a refund of any excess revenues collected to all transmission customers taking service under the Transmission Owner's OATT on a load ratio share basis for Network Integration Transmission Service and on a reservation basis for Point-to-Point Transmission Service.

SCHEDULE 3
REGULATION AND FREQUENCY RESPONSE SERVICE

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the ~~momentby-~~ 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 ON-PEAK-OFF- PEAK Firm: Up To	ON-PEAK-OFF- PEAK Non-Firm: Up To	Network: 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, 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 within its Control Area. The Transmission Customer must either purchase this service from the Transmission Owner or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Owner, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Owner by that Control Area operator. The Transmission Owner may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Owner shall establish charges for energy imbalance based on the deviation bands as follows: (i) Tier 1 deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of incremental or decremental cost; (ii) Tier 2 applies to the portion of the deviation greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) Tier 3 applies to the portion of the deviation greater than +/- 7.5 percent

(or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of incremental cost or 75 percent of decremental cost.

For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Owner's actual average hourly cost of the last 10 MW (*i.e.*, the highest cost 10 MW) dispatched for any purpose, *e.g.*, to supply the Transmission Owner's Native Load Customers, correct imbalances, or make off-system sales, and will include the replacement cost of fuel, unit heat rates, incremental operation and maintenance costs, purchased and interchange power costs and taxes, and start up costs (including any commitment and redispatch costs), as applicable.

For Tier 1 deviations, the Transmission Owner will keep an account of all deviations by the customers in that month, and then calculate each month the net energy imbalance in MWh, positive or negative, for each transmission customer, based on the customer's Tier 1 deviations for that month. The charge for net Tier 1 deviations shall be based on 100% of the load weighted hourly average incremental/decremental costs. The transmission customer's charge will be determined by multiplying the net MWh quantity of the net Tier 1 deviations by the load weighted hourly average incremental/decremental rate.

For Tier 2 and Tier 3 deviations, a charge will be made in accordance with this Schedule for each hour in which an imbalance occurred. These charges will be based on a percentage of the actual incremental or decremental cost for that hour, as specified above.

In order to determine the last 10 MW dispatched for any purpose, the Transmission Owner will rely upon information supplied through the After the Fact Billing ("AFB") Process, a stacking program which determines the cost allocations from generating unit sources to load sinks (based

on dispatch), and will identify the top 10 highest cost MWs of energy dispatched for any purpose. The AFB process will be used to identify the following components of the incremental cost:

- Fuel Cost - This value is obtained from Fuel Supply and represents the replacement costs of fuel. For dispatching the system, the fuel cost represents the replacement cost of fuel as reported by Fuel Supply. For the AFB process, the fuel cost represents the actual inventory cost based on the reported purchases in the coal purchase report from the previous month.¹ The SO₂ emissions adder included in the AFB process is a function of the SO₂ content of the coal, the removal efficiency of the unit, and the market price for an SO₂ allowance.² The NO_x emissions adder is a function of the NO_x emission rate of the unit and the market price for a NO_x allowance.³ These components are incremental costs of providing fuel for the imbalance service, as they specify the cost of replacement fuel in that E.ON U.S. must purchase such allowances to account for the use of this fuel for imbalance purposes.
- Variable O&M - Variable O&M represents the incremental maintenance and operation costs of providing the imbalance service. Once the stacking portion of the AFB process is completed, the O&M is added based on the units in the stack. Variable O&M for the E.ON U.S. coal units it is based upon the cost of the annual maintenance and the overhaul maintenance, divided by the MWH

¹ For example, coal purchases for March as reported in April will be used for the May fuel cost in AFB.

² The SO₂ adder is calculated as follows: $EA = (\text{lbs SO}_2/\text{Mbtu}) \times (1 - \text{Removal Efficiency}) \times (\text{Allowance Price } \$/\text{ton}) / 2000$. The removal efficiencies are updated annually based on historical performance. The SO₂ content is obtained from coal supply and is based upon the coal purchases from the previous month (May data is based upon March coal purchases). The allowance price is obtained from Environmental Affairs and is based on the allowance price from Cantor-Fitzgerald.

³ The NO_x adder is calculated as follows: $EA = (\text{NO}_x \text{ Emission Rate}) \times (\text{Allowance Price } \$/\text{ton}) / 2000$. The emission rates updated annually based on historical performance. The allowance price is obtained from Environmental Affairs and is based on the allowance price from Cantor-Fitzgerald.

generated between the outages. The scrubber consumable cost is based upon the variable operating expenses (limestone, carbide lime, barge unloading, etc.) associated with scrubbing the unit.

- Unit Commitment Cost - For the Base Load generating units, the cost of startup and minimum load is not included in the AFB process. Those costs are assumed to be collected from Native Load Customers since the units are on-line to meet the requirements of Native Load. For the Combustion Turbines generating units, the heat rate curves used in AFB are adjusted to account for the costs associated with the full dispatch of the unit. Therefore, commitment costs are approximated for these units in AFB.
- Redispatch Costs – The AFB system is run after actual generation dispatch occurs. To the extent that generating units were re-dispatched, the costs associated with the units actually dispatched are embedded in the AFB process.

SCHEDULE 5
OPERATING RESERVE - SPINNING RESERVE SERVICE

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission 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 ~~kilowattmonth~~kilowattmonth 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 ON-PEAK-OFF- PEAK Firm: Up To	ON-PEAK-OFF- PEAK Non-Firm: Up To	Network: Up To
Annual (\$/KW-Yr)	Applied to 1.5% of the Reservation \$ 85.56	Applied to 1.5% of the Reservation	Applied to 1.5% of the Network Load

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 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 or other non-generation resources capable of providing this service. 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	ON-PEAK-OFF-PEAK Non-Firm:	Network: Up To
	ON-PEAK-OFF-PEAK Firm: Up To	Up To	
	Applied to 1.5% of the	Applied to 1.5% of the	Applied to 1.5% of the

	Reservation	Reservation	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 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) Expansion and Losses: 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.

(7) Resales: The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.

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

(7) Resales: The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.

SCHEDULE 9
GENERATOR IMBALANCE SERVICE

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Owner's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Owner must offer this service, to the extent it is physically feasible to do so from its own resources or from resources available to do it, when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Owner or make alternative comparable arrangements, which may include use of ~~nongeneration~~non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Transmission Owner performs this service for itself, charges to the Transmission Customer are to reflect only a pass-through of the costs charged by the Transmission Owner. The Transmission Owner may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or a penalty for hourly energy imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Owner shall establish charges for generator imbalance based on the deviation bands as follows: (i) Tier 1 deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of incremental or decremental cost; (ii) Tier 2 applies to the portion of the deviation greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any

generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) Tier 3 applies to the portion of the deviation greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of incremental cost or 75 percent of decremental cost, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Owner, a balancing authority, or a reliability coordinator shall not be subject to the deviation bands identified above, and instead shall be settled financially at the end of the month at 100 percent of incremental and decremental cost.

Such directives may include instructions to correct frequency decay, respond to a reserve sharing event, or change output to relieve congestion.

For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Owner's actual average hourly cost of the last 10 MW (*i.e.*, the highest cost 10 MW) dispatched for any purpose, *e.g.*, to supply the Transmission Owner's Native Load Customers, correct imbalances, or make off-system sales and will include the replacement cost of fuel, unit heat rates, incremental operation and maintenance costs, purchased and interchange power costs and taxes, and start up costs (including any commitment and redispatch costs), as applicable.

For Tier 1 deviations, the Transmission Owner will keep an account of all deviations by the customers in that month, and then calculate each month the net generator imbalance in MWh, positive or negative, for each transmission customer, based on the customer's Tier 1 deviations for that month. The charge for net Tier 1 deviations shall be based on 100% of the load weighted hourly average incremental/decremental costs. The transmission customer's charge will be determined by multiplying the net MWh quantity of the net Tier 1 deviations by the load weighted hourly average incremental/decremental rate.

For Tier 2 and Tier 3 deviations, a charge will be made in accordance with this Schedule for each hour in which an imbalance occurred. These charges will be based on a percentage of the actual incremental or decremental cost for that hour, as specified above.

In order to determine the last 10 MW dispatched for any purpose, the Transmission Owner will rely upon information supplied through the After the Fact Billing ("AFB") Process, a stacking program which determines the cost allocations from generating unit sources, to load sinks (based on dispatch), and will identify the top 10 highest cost MWs of energy dispatched for any purpose.

The AFB process will be used to identify the following components of the incremental cost:

- Fuel Cost - This value is obtained from Fuel Supply and represents the replacement costs of fuel. For dispatching the system, the fuel cost represents the replacement cost of fuel as reported by Fuel Supply. For the AFB process, the fuel cost represents the actual inventory cost based on the reported purchases in the coal purchase report from the previous month.⁴ The SO₂ emissions adder included in the AFB process is a function of the SO₂ content of the coal, the removal efficiency of the unit, and the

⁴ For example, coal purchases for March as reported in April will be used for the May fuel cost in AFB.

market price for an SO₂ allowance.⁵ The NO_x emissions adder is a function of the NO_x emission rate of the unit and the market price for a NO_x allowance.⁶ These components are incremental costs of providing fuel for the imbalance service, as they specify the cost of replacement fuel in that E.ON U.S. must purchase such allowances to account for the use of this fuel for imbalance purposes.

- Variable O&M - Variable O&M represents the incremental maintenance and operation costs of providing the imbalance service. Once the stacking portion of the AFB process is completed, the O&M is added based on the units in the stack. Variable O&M for the E.ON U.S. coal units it is based upon the cost of the annual maintenance and the overhaul maintenance, divided by the MWH generated between the outages. The scrubber consumable cost is based upon the variable operating expenses (limestone, carbide lime, barge unloading, etc.) associated with scrubbing the unit.
- Unit Commitment Cost - For the Base Load generating units, the cost of startup and minimum load is not included in the AFB process. Those costs are assumed to be collected from Native Load Customers since the units are on-line to meet the requirements of Native Load. For the Combustion Turbines generating units, the heat rate curves used in AFB are adjusted to account for the costs associated with the full dispatch of the unit. Therefore, commitment costs are approximated for these units in AFB.

⁵ The SO₂ adder is calculated as follows: $EA = (\text{lbs SO}_2/\text{Mbtu}) \times (1 - \text{Removal Efficiency}) \times (\text{Allowance Price } \$/\text{ton}) / 2000$. The removal efficiencies are updated annually based on historical performance. The SO₂ content is obtained from coal supply and is based upon the coal purchases from the previous month (May data is based upon March coal purchases). The allowance price is obtained from Environmental Affairs and is based on the allowance price from Cantor-Fitzgerald.

⁶ The NO_x adder is calculated as follows: $EA = (\text{NO}_x \text{ Emission Rate}) \times (\text{Allowance Price } \$/\text{ton}) / 2000$. The emission rates updated annually based on historical performance. The allowance price is obtained from Environmental Affairs and is based on the allowance price from Cantor-Fitzgerald.

- Redispatch Costs – The AFB system is run after actual generation dispatch occurs. To the extent that generating units were re-dispatched, the costs associated with the units actually dispatched are embedded in the AFB process.

SCHEDULE 10
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 11
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 compensate 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.

SCHEDULE 12
DISTRIBUTION OF PENALTY REVENUES

The Transmission Owner shall distribute penalty revenues collected pursuant to Schedules 4 and 9, transmission study penalties collected pursuant to Sections 19.10 and 32.5, or unreserved use penalties pursuant to Schedule 13 of the OATT in the following manner.

1. Imbalance penalty revenues collected by the Transmission Owner pursuant to Schedules 4 and 9 will be distributed among all non-offending Network and Transmission Customers (including the Transmission Owner, if it has used transmission or NITS during the month and has not incurred a payment under Schedule 4 or 9 during a given hour). The amount of imbalance penalty revenue collected for a particular month shall be allocated on a pro-rata basis, based on the non-offending Network Customers' monthly demand and the non-offending Transmission Customers' monthly peak demand. For the purposes of this paragraph 1, a "~~nonoffending~~non-offending Network or Transmission Customer" is one to whom the penalty component did not apply in the hour, or who was out of balance, but within the first tier.

Additionally, the Transmission Owner is not required to distribute penalty revenues until after it recovers all costs (including any associated transmission costs) incurred in providing imbalance service. For the purposes of this paragraph 1, "imbalance penalty revenues" refers to amounts collected by the Transmission Owner under Schedules 4 or 9 in excess of the incremental cost.

2. Transmission study penalties incurred by the Transmission Owner pursuant to Sections and 32.5 of the OATT will be distributed among all non-Affiliated Network and Transmission Customers. The transmission study penalties will be assessed quarterly. Credits equal to the total penalty amount for a quarter shall be allocated on a pro-rata basis, based on the Network Customers' monthly demand and the Transmission Customers' monthly peak demand. For monthly billing purposes, the total amount of to be credited to each customer will be the quarterly amount be

divided by three. Each Network and Transmission Customer will be credited this amount on its bills for the next three months (*i.e.* the quarter following the quarter in which the penalty accrued).

3. Unreserved use penalty revenues collected by the Transmission Owner pursuant to Schedule 13 will be distributed among all non-offending Network and Transmission Customers (including the Transmission Owner, if it has used transmission or NITS during the month and has not incurred a penalty under Schedule 13). The amount of unreserved use penalty revenue collected for a particular month shall be allocated on a pro-rata basis, based on the non-offending Network Customers' monthly demand and the non-offending Transmission Customers' monthly peak demand. For the purposes of this paragraph 3, a "non-offending Network or Transmission Customer" is one who has not incurred a penalty under Schedule 13 for the month. For the purposes of this paragraph 3, "unreserved use penalty revenues" refers to amounts collected under Schedule 13 above the base firm Point-to-Point transmission service charge for the transmission service provided.

SCHEDULE 13
UNRESERVED USE PENALTY

In the event that a Transmission or Network Customer's use of the Transmission System during any hour of the day exceeds the amount of the Transmission or Network Customer's Reserved Capacity, the Transmission Owner shall charge and the Transmission or Network Customer shall pay a penalty charge of 200% of the applicable rate for Firm Point-to-Point Service in accordance with this Schedule 13.

- If the unreserved use occurs within a single day, the penalty charge shall be based on the daily rate for Firm Point-to-Point Service.
- If an unreserved use penalty is incurred on more than one day within a calendar week, the penalty charge shall be based on the weekly rate for Firm Point-to-Point Service.
- If unreserved use penalties are incurred during more than one calendar week during the calendar month, the penalty charge shall be based on the monthly rate for Firm Point-to-Point Service.

The unreserved use penalty revenues collected under this Schedule 13 shall be distributed to all non-offending customers in accordance with the terms of Schedule 12.

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,~~ or “Transmission Owner”) and _____ (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by ~~the ITO~~ Transmission Owner 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~~ Transmission Owner 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.

I/O:

Transmission Owner:

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.

_____I/O

By: _____
Name Title Date

Transmission Customer

By: _____
Name Title Date

Transmission Owner

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 ~~HTO~~ Transmission Owner 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:

ATTACHMENT A-1
FORM OF SERVICE AGREEMENT FOR
THE RESALE, REASSIGNMENT OR TRANSFER OF
POINT-TO-POINT TRANSMISSION SERVICE

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

~~ITO:~~

Transmission Owner:

Transmission Customer:

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: _____

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

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

~~ITC~~
By: _____

Name Title Date
Transmission Customer

By: _____
Name Title Date
Transmission Owner

By: _____

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~~[Transmission Owner](#) 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: _____

9.0 Name of Reseller of the reassigned transfer capability:

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, or~~ “Transmission Owner”) and _____ (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by ~~the ITO~~ Transmission Owner 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~~ Transmission Owner upon request by an authorized representative of the Transmission Customer.
- 4.0 The Transmission Customer agrees to supply information ~~the ITO~~ Transmission Owner 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 Owner:

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.

~~_____
I/O~~
~~By: _____

Name Title Date~~

Transmission Customer

By: _____
Name Title Date

Transmission Owner

By: _____
Name Title Date

ATTACHMENT C
METHODOLOGY TO ASSESS AVAILABLE TRANSFER CAPABILITY

This Attachment C sets forth the methodology to assess Total Transfer Capability (“TTC”) and Available Transfer Capability (“ATC”) through coordination between the Transmission Owner, ~~the Independent Transmission Organization or “ITO,”~~ and the Reliability Coordinator or “RC.” This Attachment C is intended to supplement any definition of the relationship between ~~and amongst~~ the Transmission Owner, ~~the ITO,~~ and the RC as provided in the OATT. The Transmission Owner, ~~ITO,~~ and the RC shall utilize the method described in this Attachment C to calculate ATC.

The ATC is calculated using a flow-based approach, described below that considers Available Flowgate Capacity (“AFC”). This methodology will be applied in compliance with the Joint Reliability Coordinator Agreement (“JRCA”) and its related Congestion Management Process (“CMP”) among TVA, the Midwest ISO and PJM Interconnection, LLC, which is included in this Tariff at Attachment Q.

1) **Operating, Planning and Study Horizons for ATC:**

a. Firm ATC:

For Firm ATC calculations, the ~~HO~~Transmission Owner defines the following periods:

Planning Horizon: The period beginning at the end of the next day 00:00 a.m. and ending at the end of the 34th calendar day following the current day.

Study Horizon: The period beginning at the start of the upcoming calendar month and ending at the end of the 18th calendar month following the current month.

b. Non-Firm ATC:

For Non-Firm ATC calculations, the ~~HO~~Transmission Owner defines the following periods:

Operating Horizon: The period beginning at the start of the current clock hour and ending at midnight (EST) of the following day.

Planning Horizon: The period beginning at the end of the next day 00:00 a.m. and ending at the end of the 34th calendar day following the current day.

Study Horizon: The period beginning at the start of the upcoming calendar month and ending at the end of the 18th calendar month following the current month.

2) **Calculation Methodology: a. Firm ATC:**

The ~~HO~~Transmission Owner calculates Firm ATC over the Planning and Study Horizons using the algorithm illustrated below in Section 3.

Firm Daily ATC values are calculated every hour for the 34 calendar days following the current day.

Firm Monthly ATC values are calculated hourly for the 18 calendar months following the current month.

The ATC process calculates the Transfer Distribution Factor (“TDF”) relating each flowgate to every Transmission path on the Transmission System. Each calculated TDF describes the relationship between the expected increased power flow on a specific flowgate and the corresponding transaction scheduled along a specific path.

The Firm ATC values for each transmission path are derived from the applicable TDF and AFC_{init} for the most limiting flowgate for the path.

b. Non-Firm ATC:

The ~~HO~~[Transmission Owner](#) calculates Non-Firm ATC over the Operating, Planning and Study Horizons using the algorithms illustrated below in Section 3.

Non-Firm ATC is calculated in hourly, daily, and monthly increments.

Hourly Non-Firm ATC values are calculated each hour for 169 hours. The Hourly values span the period beginning with the current clock hour and extending through the next 7 days. At Noon each day the calculation of the Hourly values for the next day changes to include unscheduled Firm capacity.

Non-Firm Daily ATC values are calculated every hour for the 34 calendar days following the current day.

Non-Firm Monthly ATC values are calculated hourly for the 18 calendar months following the current month.

Each hour, the ATC process calculates the TDF relating each flowgate to every Transmission path on the Transmission System. Each calculated TDF describes the relationship between the increased power flow on a specific flowgate and the corresponding transaction scheduled along a specific path.

The Non-Firm ATC values for each transmission path are derived from the applicable TDF and AFC_{init} for the most limiting flowgate for the path.

3) Link to Mathematical Algorithms Used to Calculate Firm and Non-Firm ATC and Mathematical Algorithms:

a. Link to Algorithms:

The ~~HO~~[Transmission Owner](http://www.oatiaoasis.com) uses the mathematical algorithms stated below to calculate firm and non-firm ATC for the Scheduling Horizon, the Operating Horizon, and the Planning Horizon, which are available at <http://sppoasis.spp.org/OASISwww.oatioasis.com/LGEE-/index.html>

b. Actual Algorithms:

1. Firm ATC:

$$ATC_{Firm} = \frac{AFC_{Limit} - (CBM_L + TRM_L) - PRI}{TDF_L}$$

ATC_{Firm} = The available firm transfer capability on a specified transmission path.

AFC_{Limit} = The available flowgate transfer capacity on the most limiting flowgate for the specified path.

CBM_L = Capacity Benefit Margin for the most limiting flowgate.

TRM_L = Transmission Reliability Margin for the most limiting flowgate.

TDF_L = The Transfer Distribution Factor for the specified path on the most limiting flowgate.

PRI = The Power flow impact of the Transmission Service Reservations received.

2. Non-Firm ATC:

$$ATC_{Non-Firm} = \frac{AFC_{Limit} - PRI}{TDF_L}$$

$ATC_{Non-Firm}$ = The available firm transfer capability on a specified transmission path.

AFC_{Limit} = The available flowgate transfer capacity on the most limiting flowgate for the specified path.

TDF_L = The Transfer Distribution Factor for the specified path on the most limiting flowgate.

PRI = The Power flow impact of the Transmission Service Reservations received.

Each day at Noon, the Non-Firm Hourly ATC calculation for the next day is modified so that unscheduled Firm capacity is available to transmission customers as Non-Firm service. The modification to the algorithm is achieved by replacing the impact of the Reservations with the

impact of the Transmission Schedules. The algorithm for calculating the Non-Firm Hourly ATC values including the unscheduled Firm capacity is illustrated below:

$$ATC_{\text{Non-Firm}} = \frac{AFC_{\text{Limit}} - SRI}{TDF_L}$$

$ATC_{\text{Non-Firm}}$ = The available firm transfer capability on a specified transmission path.

AFC_{Limit} = The available flowgate transfer capacity on the most limiting flowgate for the specified path.

TDF_L = The Transfer Distribution Factor for the specified path on the most limiting flowgate.

SRI = The Power flow impact of the Transmission Service Schedules received.

4) Procedures for Calculating ATC:

To determine the ATC on the Transmission System, the following procedures will be used:

- **Values for Transmission Reliability Margin (“TRM”) and Capacity Benefit Margin (“CBM”) Provided to the RC:** The Transmission Owner shall provide the Reliability Coordinator with values for TRM and CBM, which will be derived under the process described in detail below.
- **RC uses SERC OASIS to derive models for Horizons:** The Reliability Coordinator shall use SERC OASIS cases, to which the Transmission Owner has provided input, to derive hourly, daily and monthly models for the Operating, Planning and Study Horizons respectively. These models will be modified to reflect the firm and nonfirm transmission service already reserved by transmission customers. After 12:00 p.m. EDT, the current-day and next-day models will reflect Non-Firm reservations and Firm schedules (not Firm Reservations) to permit the sale of unscheduled Firm service on a Non-Firm basis.
- **The RC will use software to determine AFC limitations:** The Reliability Coordinator will then use PTI MUST software to determine the capability of the interconnected network to accommodate a request for transmission service through the use of a flow based approach. This flow based approach determines the ATC of constrained facilities or AFC.
- To accurately model the effects of the Transmission Owner’s neighboring transmission systems, the Reliability Coordinator will incorporate operational data

provided by adjacent Reliability Coordinators through the Interchange Distribution Calculator (“IDC”) System Data Exchange (“SDX”).

The process for adding or eliminating flowgates:

(1) Transmission Owner Adding or Eliminating Flowgates

- The Transmission Owner performs transfer and single contingency analysis on the four quarterly models used in the ATC process. Flowgates that monitor the Transmission Owner’s facilities which exceed a Power Transfer Distribution Factor of 4% and an Outage Transfer Distribution Factor of 2% are tested for limitations to transfer. The three most restrictive flowgates that limit transfers below 150% of the Transmission Owner’s interconnected capability between the two control areas will be included in the Transmission Owner’s ATC process. Transfers between Midwest ISO, PJM and TVA will be tested at 10,000 MW level.
- Existing flowgates on the Transmission System that do not meet any of the above criteria, have not been identified in the ATC process as a transfer limit in the past two years, and have not been identified as an operation limit in the past two years will be recommended to the Reliability Coordinator for removal. Once the models are complete and fully updated to reflect the appropriate AFC values, the Reliability Coordinator will generate the base system AFC values and flowgate response factors for all transmission flowgates monitored by the Transmission Owner.
- The Transmission Owner recommends the addition or elimination of flowgates to the Reliability Coordinator. The Reliability Coordinator coordinates the addition or elimination of flowgates with NERC and the other members of the JRCA.
-

(2) Reliability Coordinator Adding or Eliminating Flowgates

- The JRCA includes the CMP which specifies how impacted flowgates are to be determined (*see* Appendix C to the CMP included in Attachment Q).
- The Reliability Coordinator, an Operating Entity, participates in the process and provides the list of Coordinated Flowgates to the Transmission Owner. All Impacted Flowgates identified in the JRCA process are included in the Transmission Owner’s ATC process.
- The Reliability Coordinator may request the Transmission Owner to add a flowgate (permanent or temporary) to the ATC process. If the Transmission Owner receives a request from or through the Reliability Coordinator to add an external flowgate to its ATC process, the Transmission Owner will do so if the flowgate exceeds a 3% threshold in any of the Coordinated Flowgate tests. The Transmission Owner will add any internal flowgate that TVA has identified as an operational limit.

- *The RC will subtract TRM from the base system AFC values.*
- *The RC will also subtract from the AFC values any Existing Transmission Commitments (“ETC”), and CBM*
- *This data will be supplied to the ~~IHO~~Transmission Owner via FTP.*
- *Using PowerGem ATC/AFC calculation software (“PowerGem”), the ~~IHO~~Transmission Owner will incorporate all data necessary to accurately model the utilization of shared flowgate capacity by participating reciprocal parties to the JRCA. The algorithms used to perform these calculations are detailed further below.*
- *The ~~IHO~~Transmission Owner will then use the supplied data in PowerGem to determine ATC and TTC. These values will be posted on OASIS according to Section 4 of the OATT.*
- *The ~~IHO~~Transmission Owner will evaluate transmission service requests according to the effective ATC along each path. This process is detailed in ~~Appendix~~ Attachment A of Attachment ~~PQ~~ to the OATT.*
- *The models will be updated hourly to incorporate the latest transmission service requests. Between updates, as service requests are received, the effective ATC values will be recalculated using the applicable response factors to reflect the expected effects.*

5) Components to the Calculation and Definitions:

As stated above, the Transmission Owner uses an AFC methodology for calculation of ATC. AFC values are decremented by CBM and TRM to accommodate reasonable uncertainties in system conditions and provide operating flexibility to ensure secure operation of the interconnected network.

TRM is used to reserve transmission flowgate capacity in the Operating Horizon and in the Planning Horizon for uncertainty in system conditions modeled in the AFC calculation and for automatic reserve sharing (“ARS”).

CBM is used to reserve transmission flowgate capacity in the Operating Horizon (beyond 1 hr) and in the Planning Horizon to enable access to generation from interconnected systems in times of emergency generation deficiencies.

Discrete CBM and TRM values in MWs or percent are determined for each flowgate.

The Transmission Owner, ~~the IHO~~, and the RC shall use the following components to calculate ATC for the Transmission System:

- **TTC** is the measure of the first contingency transfer capability along a transmission path from a specified point of receipt (source) to a specified point of delivery (sink).
- **ETC** encompasses committed uses of the transmission system, including: (1) native load commitments (including network service), (2) grandfathered transmission rights, (3) appropriate point-to-point reservations, and (4) rollover rights associated with long term firm service.
- **TRM** is the amount of transmission transfer capability necessary to provide a reasonable level of assurance that the interconnected transmission network will be secure. TRM accounts for the inherent uncertainty in system conditions and its associated effects on ATC calculations, and the need for operating flexibility to ensure reliable system operation as system conditions change. All transmission system users benefit from the preservation of TRM by Transmission Service Providers. The assumptions and components of E.ON's TRM calculation are described in detail below.
- **CBM** is the amount of firm transmission transfer capability preserved for Load Serving Entities ("LSEs") on the host transmission system where their load is located, to enable access to generation from interconnected systems to meet generation reliability requirements. Preservation of CBM for a LSE allows that entity to reduce its installed generating capacity below what may otherwise have been necessary without interconnections to meet its generation reliability requirements. The transmission capacity preserved as CBM is intended to be used by the LSE only in times of emergency generation deficiencies.

c. TRM:

i. List of databases used to calculate TRM:

The Transmission Owner does not use any databases to calculate TRM.

ii. TRM Assumptions and Components:

The Transmission Owner considers the ATC margin components described in this section in its TRM calculations. Pursuant to NERC, some, or all, of the TRM component values may be set to zero. The TRM components descriptions include R.1.3.X for reference to the requirements in NERC MOD-008-0 and SERC Supplement – Transmission Reliability Margin (TRM) Methodology.

The Transmission Owner has categorized the components as Network Uncertainty, Dispatch Uncertainty, CRS Uncertainty, Load Forecast Uncertainty and Load Distribution Uncertainty. TRM value is calculated for each category of Uncertainty.

System load is a dynamic quantity. Generation increases and decreases in response to these load variations. The generation dispatch will vary for reasons such as the number of units having load following capability, generation availability, generation conditions within the generating plant, and economics. Inclusion of CRS Uncertainty and Dispatch Uncertainty provides adequate

TRM margin for this component. (R1.3.3 Balancing of generation within a Balancing Authority Area).

Network Uncertainty

The flow uncertainties due to the following potential modeling inaccuracies are addressed by a TRM value for each flowgate equal to 2% of the facility rating.

Forecast Uncertainty

ATC calculations performed for the Planning Horizon are based upon the most critical single contingency and does not account for the base system condition including some level of additional facility outages. (R1.3.4 Forecast uncertainty in transmission system topology). TRM provides an allowance for the impact of the myriad outages that may occur day-to-day. Settings of Phase Angle Regulators (PARs), status of series capacitors, timing of transmission system enhancements, outages beyond the first contingency, transmission facility maintenance outages and the status of operating procedures are a few of the additional uncertainties that Transmission Service Providers cannot accurately predict when calculating the ATC values. (R1.3.5 Allowances for parallel path (loop flow) Impacts). Real-time facility loading can be higher than predicted due to unaccounted for parallel path flows resulting from schedule transfers by other entities. These parallel path flows are the result of transmission service transactions that are not explicitly scheduled on the transmission system of a particular transmission provider or accounted for in their ATC process. The RC utilizes the NERC tag dump for calculation of AFC for hours 1 through 4848, and the HO Transmission Owner utilizes transmission reservation information from BREC, EKPC, LGEE, MISO, OVEC, PJM, SPP and TVA to reduce the magnitude of unaccounted for parallel path flows.

CRS Uncertainty

Participation in MISO's Contingency Reserve Sharing ("CRS") System allows the Transmission Owner access to the operating reserves of other participants in the event of a generation outage. (CRS Uncertainty - R1.3.8 Short-term System Operator response). As such, entities with reserve sharing obligations under MISO's CRS System must set aside transmission capability to export these reserves. Similarly, transmission capability must also be set aside for importing CRS assistance from other systems. This component of TRM is the minimum value that each Transmission Provider must reserve on the flowgate and should not be sold at any time.

When applicable, this component must be considered for both CRS needs of the Transmission Provider's own transmission system as well as the CRS needs of neighboring systems. Care is taken not to over-state the CRS component of TRM when adjoining systems' TRM values sufficiently encompass the through-flow requirements. The Transmission Owner simulates the outage of certain generators of neighboring MISO CRS participants.

The calculation process to quantify this component of TRM is to modify the base generation dispatch normally provided in the power flow models to simulate the generator outage and the CRS redispatch. Transmission contingencies are simulated on the base case and the CRS

dispatch case. The difference between the flows for each contingency in the two cases (normal and CRS dispatch) constitutes the TRM MW value for each flowgate for each CRS dispatch. The maximum MW value for all the CRS contingencies will determine the TRM MW value for the flowgate.

Dispatch Uncertainty

The location and output of generation that is assumed in the Planning Horizon might be vastly different from actual conditions at the time of operation. (R1.3.7 Variations in generation dispatch). Variations occur as a result of unit availability and the changing cost. Variations in generating patterns can significantly affect transfer capability, especially when specific generators or combinations of generators have a substantial influence on flows over flowgates. These generators can be internal or external to the control area. TRM calculations should consider the outage of generating units at or near the limiting transmission interface, if not already considered in the determination of the TTC/ATC of that interface. Generation variations and transactions that take place by neighboring companies are not part of this component. The Transmission Owner simulates outages of internal designated network resources with redispatch to other internal resources.

The calculation process to quantify this value of the TRM component consists of modifying the generation dispatch normally provided in the power flow base case to simulate an outage of one generator with internal redispatch. Transmission contingencies are simulated on the base case and the redispatch case. The difference between the flows for each contingency in the two cases (normal and redispatch) constitutes the TRM MW value for each flowgate for each redispatch. The maximum TRM MW value for each flowgate will constitute the TRM MW value for the component.

Load Forecast Uncertainty

The load forecast is subject to error, as is any forecast. (R1.3.1 Aggregate Load Forecast error). Sufficient TRM should be maintained on the network to allow for wide-area deviations from forecast load (both real and reactive) caused by severe or extreme weather and long term divergence from the economic load forecast. These deviations in real and reactive power from forecasted levels can occur due to hotter or cooler temperatures, stronger or weaker economic conditions, unforeseen (new business) or unanticipated (load growth) additions or reductions in system load, and other reasons. The Transmission Owner's load forecast is sensitive to extreme weather and long-term economic conditions. An evaluation of the 2006 Forecast indicates that the 2007 summer load could increase by 7.3% due to extreme weather and that the 2016 load levels could increase by 4.7% with "High" economic conditions.

This TRM component will be evaluated utilizing an extreme weather adjustment of 7% of MW load. The load power factor without distribution capacitor correction is typically 80-85%. Distribution capacitors are installed to correct load power factor to specified levels with normal weather. The MVAR load adjustment will be equal in magnitude to the MW adjustment assuming no additional distribution capacitor correction and to account for additional distribution transformer and distribution line losses.

The calculation process to quantify this value of the TRM component consists of modifying the load level normally provided in the power flow base case to simulate an extreme weather event for the Transmission Owner’s control area. Transmission contingencies are simulated on the base case and the extreme weather case. The difference between the flows for each contingency in the two cases (normal and extreme weather) constitutes the TRM MW value for each flowgate. The maximum TRM MW value for each flowgate will constitute the TRM MW value for the component.

Load Distribution Uncertainty

Similar to an “error” in the aggregate load forecast, the distribution of the load will also vary the loading of system facilities. (R1.3.2 Load distribution error). The E.ON Operating Companies (LG&E/KU) have service territory that encompasses most of the state of Kentucky and five counties in Virginia and have significantly different seasonal peak characteristics due to the availability of natural gas. The load balance between KU and LG&E is fairly consistent during the months of April through October (summer months) and during the months of November through March (winter months). The LG&E load is approximately 42% of the E.ON load during the summer months with a Standard Deviation of +/- 67 MW. The LG&E load is approximately 27% of the E.ON load during the winter months with a Standard Deviation of +/-51 MW.

This TRM component for load distribution error will utilize a load adjustment of 100 MW (approximately +/- 2 standard deviations). The load power factor will be held constant. The calculation process to quantify this value of the TRM component consists of modifying the load level normally provided in the power flow base case to a load shift between the two Operating Companies in the Transmission Owner’s control area. Transmission contingencies are simulated on the base case and each load shift case. The difference between the flows for each contingency in the two cases (normal and load shift) constitutes the TRM MW value for each component of load shift. The maximum TRM MW value for all the components will constitute the TRM MW value for the flowgate.

The Transmission Owner does not have a high concentration of load in one industry and the largest single customer is less than 150 MW. Therefore, the Transmission Owner does not consider industry specific load changes.

USE OF TRM IN ATC CALCULATIONS

All Firm AFC and Non-Firm AFC values include a decrement for TRM. The TRM value will include Network Uncertainty (2%), when applicable, plus the maximum of the applicable ARS, Dispatch, Load Distribution, and the Load Forecast Uncertainties as indicated in the following table:

<i>Component</i>	<i>Long-Term Firm</i>	<i>Short Term Firm</i>	<i>Long-Term Non-Firm</i>	<i>Short-Term Non-Firm</i>
Network Uncertainty	X	X	X	
CRS Uncertainty	X	X	X	X
Dispatch Uncertainty	X	X		
Load Distribution Uncertainty	X	X		

iii. Frequency of Calculation:

TRM is reviewed and recalculated quarterly and will be revised, if necessary.

d. CBM:

The Transmission Provider does not reserve CBM on its own behalf or for other transmission customers without a specific request for CBM.

i. CBM Procedures:

In the event that CBM is requested in the future, LG&E/KU's LSE and other LSEs on the Transmission System requesting the use of CBM must complete the following steps:

1. Implement capacity and energy emergency plan as appropriate to reduce risk to interconnected system.
2. Communicate current and future system conditions to the LGEE Reliability Coordinator ("TVA") ~~and the ITO~~.
3. Perform all actions necessary including bringing on all available generation, postponing equipment maintenance, scheduling interchange purchases in advance and preparing to reduce firm load.
4. Obtain available capacity and energy as required from available resources within the LGEE control area.
5. Interrupt interruptible loads and exports.
6. Declare an Energy Emergency Alert as defined by NERC through the Reliability Coordinator.
7. Issue public appeals as time permits to reduce customer usage.
8. Implement voltage reduction procedures as appropriate.

Once these steps have been completed, the LSE must request from the ~~ITO~~Transmission Owner the CBM available for import to serve the load for the applicable time period. The LSE must provide to the ~~ITO~~Transmission Owner a description of the circumstances that caused the Energy Emergency Alert that resulted in the request to utilize CBM.

As previously noted above, the ~~ITO Operator~~Transmission Owner will identify to the LSE the paths upon which CBM may be scheduled and the amounts available for the time period of the emergency. CBM may be scheduled in one hour increments for as long as is necessary for the LSE

to exit the Energy Emergency. To utilize the CBM available, the LSE must submit a schedule for CBM service for the hour of the Energy Emergency. The schedule submitted may not exceed the CBM available for the path and period specified.

Prior to approving the CBM schedule, the ~~HTO Operator~~ [Transmission Owner](#) will confirm with the Reliability Coordinator that an Energy Emergency Alert has been declared and that there is not adequate transmission capacity available to import sufficient energy into the LGEE control area to relieve the emergency. The LSE utilizing the CBM must submit an accompanying reservation through the LGEE OASIS site within 24 hours of the use.

Order No. 890 Posting Requirements

This process defines how the ~~HO~~Transmission Owner calculates and posts narratives with regard to changes in ATC as a result of a 10% change in TTC on constrained paths for the E.ON U.S. footprint, which uses an AFC calculation methodology, as discussed in this Attachment C.

1. Each hour a process reads the input file generated by the PowerGem AFC ATC Calculator (“PAAC”) process which identifies the constraining flowgate to be used for the AFCInit and Transfer Distribution Factor (“TDF”) value on each path.
 - a. For each of the Point of Receipt/Point of Delivery (“POR\POD”) combinations defined in OASIS there will be 18 monthly entries. (Example: 32 POR\POD Combinations X 18 months = 576 entries to be evaluated.)
 - b. Calculate the TTC
 - i. For each entry $TTC = AFCInit/TDF$
2. Each hour a process reads the previous hour’s input file generated by the PAAC process which identifies the constraining flowgate to be used for the AFCInit and TDF value on each path.
 - a. For each of the POR\POD combinations defined in OASIS there will be 18 monthly entries. (Example: 32 POR\POD Combinations X 18 months = 576 entries to be evaluated.)
 - b. Calculate the TTC
 - i. For each entry $TTC = AFCInit /TDF$
3. Determine if the TTC change in the current hour is equal to or greater than 10% of the past hour TTC value.
 - a. If this is true then capture and record the percent change in TTC from the previous calculation and the Date Time, POR\POD, Flowgate, AFCInit, TDF, Percent Variance
 - b. If a POR\POD combination does have a 10% variance then attach a Narrative to the information posted to OASIS
 - c. Create TTC change table
 - i. Rows should be labeled for the different paths (PORPOD)
 - ii. Columns should be labeled for the upcoming 18 months being calculated
 - iii. Check to see when the monthly file is updated and then only compare the 16 months that overlap instead of the 18 months.

- d. Retrieve data for table
 - e. Retrieve load and generation data from the monthly summary file
 - f. Retrieve outage information
 - g. Retrieve flowgate change and rating data
 - h. Populate the table with comparisons made
4. Post each hour's table on OASIS when 10% variance occurs

ATTACHMENT D
METHODOLOGY FOR COMPLETING A SYSTEM IMPACT STUDY

The ~~HQ~~Transmission Owner will assess the capability of ~~the Transmission Owner's~~sits transmission system in order to provide transmission service to a qualified requester. The ~~HQ~~Transmission Owner will make a nondiscriminatory determination as to whether sufficient transfer capability exists to accommodate the request. If it is determined that a System Impact Study is required, the ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner will adhere to Good Utility practice, NERC guidelines, and regional procedures and criteria when conducting the studies. In addition, the ~~HQ~~Transmission Owner 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

1. This Attachment E provides a list of all transmission agreements, grandfathered agreements, and OASIS reservations in place as of December 28, 2004. Pursuant to the terms of the Midwest ISO's Transmission Owner's Agreement Article V, as interpreted in *Louisville Gas & Electric Co., et al.* 114 FERC ¶ 61,282 (2006), all transmission agreements, GFAs, and OASIS reservations in place as of December 28, 2004 will receive service subject to the "service and pricing that they would have been entitled to receive, absent Applicants' withdrawal," (*Id.* at P 45) until said agreements, GFAs, or OASIS reservations terminate. The terms of this "hold harmless" requirement are found at Section 15.8 of this Tariff.

Transmission Service Agreements:

The numbers referred to herein reference the original request made on the Midwest ISO OASIS.

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

IMEA Agreement 2: #75230122, Customer IMEA, Source LGEE, Sink Illinois Power (MISO IP), Start 1/1/2007, End 1/1/2020, 91 MW

Hoosier Energy Agreement: #76285513, Customer Hoosier Energy, Source Hoosier Energy (LGEE), Sink LGEE, Start 4/1/2005, End 1/1/2012, 10 MW

EKPC Agreement 1: #76285505, Customer EKPC, Source EKPC (LGEE), Sink LGEE, Start 4/1/2005, End 1/1/2016, 3 MW

Grandfathered Agreements:

The contract numbers assigned to the following grandfathered agreements refer to the numbers assigned to them in the Midwest ISO Attachment P.

IMPA Agreement 1: #214, LG&E FERC Rate Schedule No. 35, Customer IMPA, Interconnection Agreement, Dated 2/7/1989

EKPC Agreement 2: #215, LG&E FERC Rate Schedule No. 25, Customer EKPC, Interconnection Agreement, Dated 8/14/1968, Cancellation Notice given 9/13/2004, effective 9/13/2006

Ohio Valley Electric Cooperative: #216, LG&E FERC Rate Schedule No. 32, Customer Ohio Valley Electric Cooperative, Interconnection Agreement, no date given

IMPA Agreement 2: #217, Customer IMPA, LG&E FERC Rate Schedule No. 31, Interconnection Agreement, no date given

EKPC Agreement 3: #218, LG&E FERC Rate Schedule No. 25, Customer EKPC, Transmission Lease Agreement, Dated 4/17/1989

TVA and CG&E Agreement: #219, FERC Rate Schedule Unknown, Customers TVA and CG&E, Interconnection Agreement, Dated 9/23/1957

EKPC Agreement 4: #220, KU FERC Rate Schedule No. 203, Customer EKPC, Interconnection Agreement, Dated 10/22/1994, Cancellation Notice given 8/8/2002, effective 8/8/2006

EKPC Agreement 5: #221, KU FERC Rate Schedule No. 213, Customer EKPC, Transmission Agreement, Dated 2/9/2005, Cancellation notice given 1/5/2005, effective 1/5/2006

Electric Energy, Inc., et al. Agreement: #222, KU FERC Rate Schedule No. 199, Electric Energy, Inc., Central Illinois Public Service Co., Illinois Power Co., and Union Electric Co., Power Supply Agreement, Dated 9/2/1987

City of Owensboro Agreement: #223, KU FERC Rate Schedule No. 74, Customer City of Owensboro City Utility Commission, Agreement, Dated 9/30/1960

Atomic Energy Agreement: #224, FERC Rate Schedule Unknown, Customer Atomic Energy Commission, Power Agreement, Dated 10/15/1952

TVA Agreement: #225, KU FERC Rate Schedule 93, Customer TVA, Interconnection Agreement, Dated 3/22/1951

KU Municipals Agreement 1: #418, FERC Rate Schedule Unknown, Customers City Utilities Commission of Barbourville; Bardstown Municipal Electric Light & Power; Bardwell City Utilities; The Electric Plant Board of Benham; Berea College (subsequently assigned to City of Berea); Corbin City Utilities Commission; Falmouth City Utilities; Frankfort Electric & Water Plant Board; City of Madisonville; City of Nicholasville; and Providence Electric Department, Kentucky, Contract for Electric Service, Dated 1987 to 1990

KU Municipals Agreement 2: #419, FERC Rate Schedule Unknown, Customer City of Paris, Kentucky, Interchange Agreement, Dated 9/7/1990

KU Municipals Agreement 3: #420, FERC Rate Schedule Unknown, Customers City Utilities Commission of Barbourville; Bardstown Municipal Electric Light & Power; Bardwell City Utilities; The Electric Plant Board of Benham; Corbin City Utilities Commission; Falmouth City Utilities; Frankfort Electric & Water Plant Board; City of Madisonville; City of Nicholasville; Providence Electric Department; City of Paris; and City of Owensboro, Various SEPA Contracts, Dated 12/31/1996

2. The following comprises a complete list of Transmission Customers as of July 13, 2007; only those agreements specifically listed in Section 1 above receive the “hold harmless” treatment described in Section 15.8 of this Tariff. NOTE: These are customers who have signed service agreements; not all are currently taking service over the Transmission System.

- IMEA, effective September 1, 2006, for Long-Term Firm Service

- IMEA, effective January 1, 2010, for Long-Term Firm Service
- IMPA, effective January 1, 2010, for Long-Term Firm Service
- LG&E/KU, effective September 1, 2006, for Long-Term Firm Service
- LG&E/KU, effective September 1, 2006, for Short-Term Non-Firm Service
- LG&E Energy Marketing, effective September 1, 2006, for Long-Term Firm Service
- LG&E Energy Marketing, effective September 1, 2006, for Short-Term Non-Firm Service
- IMPA, effective September 1, 2006, for Short-Term Firm Service
- IMPA, effective September 1, 2006, for Short-Term Non-Firm Service
- Cargill Power Markets, effective September 6, 2006, for Short-Term Firm Service
- Cargill Power Markets, effective September 6, 2006, for Short-Term Non-Firm Service
- DTE Energy Trading, Inc., effective September 1, 2006, for Short-Term Firm Service
- DTE Energy Trading, Inc., effective September 1, 2006, for Short-Term Non-Firm Service
- The Energy Authority, effective October 15, 2006, for Short-Term Firm Service
- The Energy Authority, effective October 15, 2006, for Short-Term Non-Firm Service
- TVA, effective October 15, 2006 for Short-Term Firm Service
- TVA, effective October 15, 2006, for Short-Term Non-Firm Service
- Dynegy Power Marketing, Inc., effective October 15, 2006, for Short-Term Non-Firm Service
- Dynegy Power Marketing, Inc., effective October 15, 2006, for Short-Term Firm Service
- East Kentucky Power Cooperative, Inc., effective October 24, 2006, for Short-Term Firm Service
- East Kentucky Power Cooperative, Inc., effective October 24, 2006, for Short-Term Non-Firm Service
- MidAmerican Energy Company, effective October 31, 2006, for Short-Term Firm Service
- MidAmerican Energy Company, effective October 31, 2006, for Short-Term Non-Firm Service
- American Electric Power Company, Inc., effective December 14, 2006, for Short-Term Firm Service

- American Electric Power Company, Inc., effective December 14, 2006, for Short-Term Non-Firm Service
- Big Rivers Electric Corporation, effective February 3, 2007, for Short-Term Non-Firm Service

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~~Transmission Owner 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~~Transmission Owner 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 29.1, Conditions Precedent for Receiving Service.

Any notice or request made to or by ~~ITO~~Transmission Owner 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 OWNER:

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:

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 across its 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:

Transmission

Voltage

Location

Level

Total MWs

Interruptible MWs

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 _____ (“Network 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. The Transmission Owner and the Network Customer 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, such 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 Corporation (NERC) and the then-current regional reliability organization; 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 Transmission Owner and Network Customer, 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 Operator 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 ~~HO~~[Transmission Owner](#). 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 ~~HO~~[Transmission Owner](#). Based on this information, the Control Area Operator 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 Operator.
- (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 ~~HO~~[Transmission Owner](#). The Network Customer, ~~Transmission Owner~~, and ~~HO~~[Transmission Owner](#) 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 ~~HO~~[Transmission Owner](#) 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 that are located on the Transmission Owner's system (if any). 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 Transmission Owner and Network Customer 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 Transmission Owner and Network Customer 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 that are located on the Transmission Owner's system, if any and Network Loads will be tested at least biennially. Representatives of the ~~HFO~~ and Transmission Owner will be afforded an opportunity to witness such tests.
- (e) The Network Customer will, upon request of the ~~HFO~~ [Transmission Owner](#), test any meter at its Network Resources that are located on the Transmission Owner's system, if any, 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. In the event the test shows the meter to be accurate, the ~~HFO~~ [Transmission Owner](#) will reimburse the Network Customer its costs for performing the test.
- (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 Transmission Owner and Network Customer 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 for Network Resources located on the Transmission Owner's system, if any, 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 by the Transmission Owner and the Network Customer, and will

furnish to the ~~HFO~~[Transmission Owner](#) all meter readings and other information required for operations and for billing purposes. Such information will remain available to the ~~HFO 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 the Transmission Owner for the Network Customer to operate in accordance with the Metering Requirements 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 ~~HFO~~[Transmission Owner](#) 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) The Transmission Owner and Network Customer shall be responsible for implementing any computer modifications or changes required to their own computer system(s) as necessary to implement this Section (Control Area and Data Equipment).

Operating Requirements shall include the following:

- (a) The Network Customer shall operate its generating resources located on the Transmission Owner's system, if any 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 of such generating resources 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. Such 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 or cause to be provided, operated, and maintained in service high-speed, under frequency load shedding equipment. The Network Customer will install or cause to be installed underfrequency relays to disconnect automatically approximately fifty percent (50%) of its Network Load in a manner consistent with that followed by the Transmission Owner, which is five steps of approximately ten percent (10%) each at frequency set points of 59.5 Hertz, 59.3 Hertz, 59.1 Hertz, 58.9 Hertz and 58.7 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 Operating Committee. The 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, or cause such changes to be made, to the load shedding 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 Transmission Owner's respective facilities 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 December 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, and shall include consideration of the Network Customer's peak load data from the most recent summer peak. 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's system or the Network Customer's facilities, 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 ~~HO~~[Transmission Owner](#) 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 33 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 facilities 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 ~~HO~~[Transmission Owner](#), by December 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. The forecast shall include consideration of the Network Customer's peak load data from the most recent summer peak. This type of information is consistent with the information requirements for the Transmission Owner's planning to serve its Native Load Customers. The data will be provided in a format consistent with that used by the Transmission Owner and its 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 Transmission Owner and the Network Customer 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 any party regarding this NOA shall be made to the representative of each 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 Network Operating Agreement to be executed by their respective authorized officials.

HQ:

By: _____
Name Title Date

Network 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>	<u>Date of 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

The North American Electric Reliability Corporation's ("NERC")¹ Transmission Loading Relief ("TLR") Procedures originally filed March 18, 1998, which are now the mandatory Reliability Standards that address TLR, and any amendments thereto, on file and accepted by the Commission, are hereby incorporated and made part of this tariff. See www.nerc.com for the current version of the NERC's² TLR Procedures.

ATTACHMENT K

TRANSMISSION PLANNING PROCESS

On February 16, 2007, the Federal Energy Regulatory Commission (“FERC”) issued Order No. 890, *Preventing Undue Discrimination and Preference in Transmission Service*. Pursuant to the terms of Order No. 890, E.ON U.S., LLC, as authorized agent for and on behalf of its transmission-owning operating companies, Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”), has drafted the following procedures in conformance with Order No. 890’s transmission planning principles.

I. Coordination

FERC requires that transmission providers meet with and allow stakeholders to have input into the transmission planning process. FERC does not mandate the number of, or scope of, meetings with stakeholders, so long as the coordination process allows stakeholders an opportunity to comment meaningfully at the early stages of the transmission plan’s development. E.ON has developed the plan so that stakeholders will be able to provide input into the next years’ plan as that plan is developed from the initial stages of development, and encourages stakeholders to be involved early in the process, as opposed to commenting only on the final plan.

- Describe whether any committees or meeting structures (formal or informal) will be used to conduct planning activities.

Stakeholder Planning Committee

The E.ON U.S. coordination plan will include the formation of a Stakeholder Planning Committee (“SPC”), which will act as a standing committee. The SPC will provide a forum for stakeholders to provide input to the Transmission Owner regarding the transmission planning process.

Membership on the SPC will be open to all interested parties. Any interested party that wants to participate in the SPC must designate a representative by sending such information to the Transmission Owner (and providing contact information for the representative) within 30 days of Commission approval of the Transmission Owner’s coordination plan. After this 30 day start-up period, an interested party may join the SPC by designating a representative (and providing contact information for the representative) and sending a notice to the Transmission Owner and the Chair of the SPC.

The Transmission Owner shall be responsible for coordinating the first meeting of the SPC within 120 days of approval of the Transmission Owner’s coordination plan. Afterwards, the SPC shall appoint a Chair to lead the SPC calls and coordinate any teleconferences or meetings. The Chair shall rotate annually among the members of the SPC. The SPC shall hold conference calls monthly, or quarterly, depending upon the workload at the time, to provide

input to the Transmission Owner regarding planning issues. If required, the Chair may call meetings on a more frequent basis.

Upon formation, the SPC will provide a forum to allow members the opportunity to comment on the development of accurate data inputs for study simulations, the appropriateness of study simulations being performed, and the correctness of the execution of study simulations. The SPC will also enable members to review study results as they are performed over the study development cycle. The SPC will also provide an opportunity to produce comments and reports. Further, the SPC will be responsible for forming an Economic Expansion Subcommittee.

The SPC will decide its own processes and procedures, including frequency, location and format of meetings; membership criteria (e.g., number of representatives per Eligible Customer, provisions for alternates). The SPC will also determine the responsibilities of the SPC Chair, such as: supervision of SPC activities, scheduling and posting notice of meetings, developing agendas, and presiding at meetings. Although the Transmission Owner ~~and the ITO are~~ is not a formal ~~members~~ member of the SPC, the Transmission Owner ~~and the ITO~~ will be invited to participate in all SPC activities.

It is the Transmission Owner’s intent that issues before the SPC be resolved on a consensus basis; nevertheless, there may be circumstances where sending an issue to a vote would be appropriate. Because of the SPC’s potential breadth, if and when the SPC needs to vote on certain issues, each SPC member’s vote will be weighted based on whether the member represents a current Transmission or NITS Customer, an Eligible Customer, a regulatory body, a developer of transmission, generation or demand resources, or the general public (i.e., an unaffiliated individual). The Transmission Owner has set out suggested voting weights below, but the SPC is free to modify this allocation once it is fully operational.

SPC Member	Weighted Vote
Current Transmission Customer	1.00
Current NITS Customer	1.00
Eligible Customer	1.00
Regulatory Body (KPSC, FERC, or similar)	1.00
Developers of Transmission	1.00
Developers of Generation	1.00
Developers of Demand Resources	1.00
General Public	0.10

Transmission Planning Cycle

The Transmission Owner’s coordination plan involves a combination of SPC meetings and semi-annual stakeholder meetings to discuss draft annual transmission expansion plans, as well as opportunities for stakeholders to provide written comments early in the process. The transmission planning process is an approximately 15 month cycle.⁷ The transmission planning process will begin in January with the Transmission Owner starting the process of running the required planning models for the next planning year (e.g., in January 2008 for the 2009 planning

⁷ A flowchart depicting the planning cycle is attached as Appendix 2.

year).⁸ Between January and the spring semi-annual stakeholder meeting the SPC will hold either quarterly or monthly meetings to update stakeholders on the status of the next year's transmission plan and provide an opportunity for stakeholders to comment, both on the development of the transmission plan and on the criteria, data, and assumptions used by the Transmission Owner in developing the annual transmission plan.

The spring stakeholder meeting serves two functions in the transmission planning cycle.

- **Review ongoing development of Next Year's plan-** First, the ~~ITO~~ Transmission Owner will issue a request for stakeholder input on development of the next year's transmission plan (e.g., in Spring 2008 for 2009 planning year). Stakeholders will have thirty days from the spring meeting in which to transmit their additional suggestions for the next year's transmission plan.
- **Finalize Current Year's Transmission plan-** Second, the spring stakeholder meeting also involves the presentation of the final draft transmission plan ~~and the ITO's response to the draft plan for the current calendar year (e.g., in Spring of 2008 for the 2008 planning year).~~ ~~The ITO.~~ The Transmission Owner will present its comments on the final version of the annual transmission expansion plan for the current year, and will receive comments. Stakeholders may submit written comments for up to 30 days after the spring meeting on the current year's plan.

Fifteen days prior to the fall stakeholder meeting, the ~~ITO~~ Transmission Owner will distribute the draft transmission plan for the next year (e.g., in Fall of 2008, the Transmission Owner will distribute its draft for the 2009 planning year, which incorporates all comments received from stakeholders on the 2009 plan between January and Fall of 2008). Stakeholders will have an opportunity to discuss the draft transmission plan at the fall stakeholder meeting, and may submit written comments regarding the draft transmission plan for up to 30 days following the fall stakeholder meeting.

~~Following the completion of the comment period, the Transmission Owner will incorporate the comments to the extent possible in the draft plan to be submitted to the ITO. The Transmission Owner's final draft of the transmission expansion plan is presented to the ITO in December, for final review and approval.~~

Between the spring and fall stakeholder meetings, the SPC will continue to hold quarterly or monthly meetings on the state of the next year's transmission plan and will have opportunities to comment on plan development.

Additionally, stakeholder input is not restricted to the SPC and semi-annual stakeholder meetings but can be sent to the Manager of Transmission or the SPC at any time. Written comments are preferred and may be sent via e-mail. Comments received outside the semi-annual meetings and SPC meetings will be made available to other stakeholders via OASIS.

⁸ For purposes of this section Current Year means the current calendar year, Next Year means the next calendar year following the current year.

- Describe what role the transmission provider will play in coordinating the activities of the planning committees or meetings, as relevant.

The Transmission Owner is the entity responsible for drafting the annual transmission plan, with input from the SPC and stakeholders, ~~which is then reviewed and revised or approved by the ITO~~. The SPC will be responsible for coordinating the monthly and quarterly conference calls and will provide input to the TO on planning issues at that time. The ~~ITO~~ Transmission Owner will be responsible for coordinating the semi-annual stakeholder meetings, ~~and the Transmission Owner will attend to~~ present the annual transmission plan, or draft of the annual transmission plan as appropriate, and will take stakeholder comments at that time. Stakeholders also may address their written comments to the Transmission Owner or the SPC, which the Transmission Owner will take into account when drafting or revising the annual transmission expansion plan.

- Describe any existing processes, and the changes thereto, that will be used to satisfy the requirements of Order No. 890.

The ~~ITO~~ Transmission Owner already holds an annual stakeholder meeting to address customer and other stakeholder issues. Transmission expansion planning has been added to this process, and an additional meeting added to the yearly calendar. Additionally, the scope of stakeholders invited to participate in the meetings will be expanded for transmission planning meetings to include interested parties, neighboring transmission systems, and state commission representatives, as well as customers.

- Describe the frequency of meetings to be held and other planning-related communications.

SPC meetings will occur quarterly, monthly, or more often, as determined by the SPC or its Chair.

- Describe the procedures used to notice meetings and other planning-related communications.

Notice of the monthly or quarterly teleconference meetings of the SPC will be sent out by the Transmission Owner for the first meeting to a list of Eligible Customers based on those that inform the Transmission Owner of their interest in participating in the SPC. Afterward, the Chair of the SPC will be in charge of coordinating and notifying the SPC members of the conference calls. A notice of the semi-annual meetings will be placed on OASIS, as well as the ~~ITO~~ Transmission Owner's website. Customers will receive an e-mail notifying them of the meeting, and other stakeholders (neighboring transmission systems, state commission representatives) will be invited by the Transmission Owner. Meetings will take place in person in Louisville, Kentucky. If participants are unable to attend in person, a teleconference line will be made available.

Any significant planning developments or events will trigger ~~a notice by the TO to the ITO~~ ~~and~~ a posting by the Transmission Owner on OASIS to notify the SPC and any other Eligible customer under the OATT of the opportunity to provide input during the planning process with regard to the significant development or event.

II. Openness

- Describe who the participants will be in the planning process, including expected participants for any groups or committees used.

Except as noted below, the transmission planning portion of the stakeholder meetings will be open to any interested party, including current Transmission and Network Customers, representatives from the Kentucky Public Service Commission, and utilities with whom the Transmission Owner's transmission system is interconnected. Entities attending the transmission planning portion of the stakeholder meetings will be invited to provide their comments, concerns, or relevant study data using the procedures set forth in Part I above.

If a stakeholder meeting will include discussion of CEII and/or non-CEII confidential information, the Transmission Owner will provide notice to stakeholders beforehand, together with an opportunity to execute the appropriate confidentiality agreements (if the stakeholder has not already executed one), so that the stakeholder can participate in such meeting. In the alternative, stakeholder meetings will be structured to have separate discussion of issues involving CEII and/or non-CEII confidential data, with only those participants who have agreed to execute the applicable confidentiality agreements.⁹

1. Critical Energy Infrastructure Information Confidentiality Agreement

The Transmission Owner will use a Critical Energy Infrastructure Information Confidentiality Agreement, included in Appendix 1 to this Attachment K, to address sharing of potential Critical Energy Infrastructure Information or similar information (collectively "CEII"). Any File Transfer Protocol ("FTP") sites containing such information will require such agreement to be executed in order to obtain access.

In order to request a CEII, a requestor must first complete the SPC CEII Request form, included as Appendix 4 to this Attachment K. This form requests information about the requestor, the requestor's employer or client, a description of the information requested, and a statement concerning the specific need for and intended use of the information requested. The requestor must also complete an SPC Background Authorization, the form of which will be posted on OASIS and is included in Appendix 4. If the requestor is required to view the information to participate in the planning process described in this Attachment K, and the request is confirmed to have been submitted by the requestor, the background check will be performed. Upon passing the background check, the requestor will be asked to sign the CEII Confidentiality Agreement described above. A flow diagram of the CEII Certification Procedure is also contained in Appendix 4.

2. Non-CEII Confidential Information

⁹ The Confidentiality Agreements attached in Appendix 1 apply to non-CEII and CEII Confidential Transmission Planning Information separately. A stakeholder may only participate in those portions of meetings or access those portions of applicable websites to the extent it has executed the appropriate Confidentiality Agreement.

The Transmission Owner will use a non-CEII Confidentiality Agreement included in Appendix 1 to this Attachment K, to address sharing of potential confidential transmission planning information that is non-CEII but confidential. Any FTP sites containing such information will require such agreement to be executed in order to obtain access. If a stakeholder meeting will include discussion of non-CEII confidential information, the Transmission Owner will provide notice to stakeholders beforehand, together with an opportunity to execute a non-CEII Confidentiality Agreement (if the stakeholder has not already executed one), so that the stakeholder can participate in such meeting. In the alternative, stakeholder meetings will be structured to have separate discussion of issues involving non-CEII confidential data, with only those participants who have agreed to execute the applicable confidentiality agreement.

3. Non-Confidential Information and Non-CEII

The Transmission Owner will not use a confidentiality agreement, to address sharing information that is neither CEII nor confidential transmission planning information. If a stakeholder meeting will not include discussion of CEII and/or confidential information, the Transmission Owner will provide notice to stakeholders beforehand so that the stakeholders can participate in such meeting.

- Describe what data is confidential/CEII, the criteria to be used to identify such data, and the eligibility criteria and process for obtaining access.

Pursuant to FERC regulations, the Transmission Owner ~~and the ITO~~ will identify as CEII specific engineering, vulnerability or detailed design information about proposed or existing critical infrastructure that:

- (i) Relates details about the production, generation, transportation, transmission, or distribution of energy;
- (ii) Could be useful to a person planning an attack on critical infrastructure;
- (iii) Is exempt from mandatory disclosure under FOIA; and
- (iv) Does not simply give the general location of the critical infrastructure.¹⁰

This definition includes, but is not limited to, the annual transmission expansion plan and all drafts thereof.

In order to participate in the transmission planning portion of the stakeholder meetings in which any CEII confidential information is discussed, or to gain access to the transmission planning links on the Transmission Owner's OASIS, which includes confidential information, the entity requesting participation follow the request procedures for CEII described above and execute a CEII Confidentiality Agreement, the form of which is attached hereto in Appendix 1.

¹⁰ 18 C.F.R. § 388.113 (c)(1). The Transmission Owner's ~~or ITO~~'s designation of information as potential CEII, critical asset or critical cyber asset, shall be made in good faith; however, any such determination is not binding on the Transmission Owner ~~or ITO~~, and may be reversed by the Transmission Owner ~~or ITO~~ in the future or in other settings, as appropriate.

In order to participate in the transmission planning portion of the stakeholder meetings in which any non-CEII confidential information is discussed, or to gain access to the transmission planning links on the Transmission Owner's OASIS, which includes non-CEII confidential information, the entity requesting participation must execute a non-CEII Confidentiality Agreement, the form of which is attached hereto in Appendix 1.

Additionally, pursuant to Section 6 of the confidentiality agreements, each employee, expert, agent or representative of the stakeholder who is to receive access to the confidential CEII or non-CEII information must be identified on the List of Authorized Recipients, included as Exhibit A to the appropriate confidentiality agreement. Once the appropriate confidentiality agreement is executed, the ~~IHO~~ [Transmission Owner](#) will contact the participating entity regarding the digital certificates, passwords, or key encryption required to access the transmission planning portion of ~~the Transmission Owner's~~ [its](#) OASIS.

Nothing herein shall require or obligate the Transmission Owner ~~or IHO~~ to release or provide access to potential CEII, critical assets or critical cyber assets-related information in a manner inconsistent with applicable law, regulation, mandatory reliability standards or prudent utility practice, as determined in the discretion of the Transmission Owner ~~or IHO~~, reasonably applied.

Stakeholders that have not executed a confidentiality agreement can still participate in portions of the transmission planning portion of the stakeholder meetings that do not involve confidential information and/or CEII.

III. Transparency

- Describe the timelines/dates for data exchange, studies.

Under the terms of the Network Operating Agreement (“NOA”), Network Customers, including the Transmission Owner's Load Serving Entity, are required to provide by December 1 of each year, Network Resource availability forecast (e.g., all planned resource outages, including off-line and on-line dates) for the following year. The primary focus for transmission planning is contracted, long-term firm usage. The Transmission Owner invites firm Point-to-Point customers to provide information regarding their usage that will exceed five years, including information such as the Point-to-Point customer's anticipated volumes, identification

of source and sink points, and whether the customer anticipates using the system on- or off-peak. This information should also be provided on December 1 of each year.

The Transmission Owner commences its transmission expansion planning process considering any input from the SPC and the information provided by transmission customers, as described in this Part III, and a preliminary draft of the transmission expansion plan will be prepared by the Transmission Owner, and distributed to stakeholders who have executed a confidentiality agreement fifteen days prior to the fall stakeholder meeting. The Transmission Owner will take the oral comments provided by stakeholders at the fall meeting, and any other written comments provided within 30 days after the fall meeting, into account when preparing the final draft of the transmission expansion plan. The final ~~draft is presented to the ITO for review and approval in December. The final~~ version of the transmission expansion plan, ~~along with the comments of the ITO,~~ will be distributed to stakeholders fifteen days prior to the spring stakeholder meeting.

- Timelines/dates for data exchange:

See Flowchart attached as Appendix 2.

- Describe the transmission planning methodology and protocols used to develop transmission plans.

The planning criteria are available at: <http://www.oatioasis.com/LGEE/index.html> under the heading “Studies” and then “E.ON US Transmission Planning Guidelines.” See Appendix 3.

The Planning Guidelines are applied to power flow models containing all of the data collected from customers to identify overloaded elements. Potential solutions are identified, and a least cost revenue requirements analysis is then applied to select solutions to resolve these problems.

- Describe the procedure for communicating with customers and other stakeholders regarding the basic criteria, assumptions, and data that underlie the transmission provider’s system plan.

The Transmission System Planning Guidelines are to be made available on the OASIS. These guidelines outline the basic criteria, assumptions, and data that underlie transmission planning for the Transmission System, including:

- Adherence to NERC and SERC reliability standards;
- Treatment of native load;
- Transmission contingencies and measurements;
- Thermal and voltage limits;
- Minimum operating voltage at Generators; and
- Modeling considerations.

These Transmission System Planning Guidelines have been designed to allow others to replicate the transmission modeling process. All of the underlying data and assumptions used in developing the transmission plan will be available on the OASIS. This information will be available to any stakeholder who has completed a confidentiality agreement. Additionally, the Transmission Owner uses GE’s PSLF (“Positive Sequence Load Flow”) software in the planning process.

- Describe how, and when, transmission plans and other planning information will be presented to customers and other stakeholders.

See above for description of the 15 month transmission planning cycle.

- Describe the procedure for sharing information regarding the status of upgrades identified in the transmission plan.

Via the transmission planning portion of OASIS, semi-annual updates on the status of all transmission expansion projects, including projected completion dates, will be posted. In

addition, members of the SPC will receive status reports in advance of each SPC meeting. If stakeholders have questions for the monthly meetings, they may submit such inquiries to the Manager of Transmission Strategy and Planning ~~via the ITO~~.

IV. Information Exchange

- Describe the obligations and methods for customers to submit data to the transmission provider.
 - Generators – ratings, planned additions or upgrades (including status and expected in-service date), planned retirements, and environmental restrictions.
 - Demand response resources – existing and planned demand resources and their impacts on demand and peak demand.
 - Network customers – forecast information for load and resource requirements over the planning horizon and identification of demand response reductions.

Under the terms of the Network Operating Agreement (“NOA”), Network Customers are required to provide by December 1 of each year, Network Resource availability forecast (e.g., all planned resource outages, including off-line and on-line dates) for the following year. Such forecasts are required to be made in accordance with Good Utility Practice. The Network Customer must inform the Transmission Owner, in a timely manner, of any changes to the Network Customer’s Network Resource availability forecast. In addition to the information required under the NOA, for the purposes of transmission planning, Network Customers will also be required to provide, on December 1 of each year, their load forecasts for the next ten years (the planning horizon). Additionally, Network Customers will also be required to update these load forecasts to the extent that they change during the year.

- Point-to-point transmission customers – projections of need for service over the planning horizon, including transmission capacity, duration, and receipt and delivery points.

The primary focus for transmission planning is contracted, long-term firm usage. The Transmission Owner invites long-term firm Point-to-Point customers to provide information regarding their usage, including information such as the Point-to-Point customer’s anticipated volumes, identification of source and sink points, and whether the customer anticipates using the system on- or off-peak. This information should also be provided on December 1 of each year.

- Describe the schedule and procedures for submission of information by transmission customers.

Information to be used by the Transmission Owner in drafting the transmission expansion plan must be submitted by December 1 of each year. This information shall be provided to the Transmission Owner in PSLF Format or in a spreadsheet via e-mail or on CD-ROM via Federal Express to the Manager of Transmission Strategy Planning. Transmission customers should

provide the Transmission Owner with timely written notice of material changes in any information previously provided relating to its load, its resources, or other aspects of its facilities or operations affecting the transmission provider's ability to provide service.

V. Comparability

For the purposes of transmission planning, including participation in the SPC and stakeholder meetings, all Network Customers, including the Transmission Owner's native load, and Long-Term Firm Point-to-Point Customers (*i.e.*, with a term of five years or more) will be treated comparably.

Stakeholders may propose transmission, generation and demand resources as alternative solutions to needs identified during the transmission planning process and proponents of all alternative solutions will be given equal opportunity to participate. Any entity proposing resources must complete a data sheet which will be posted on OASIS that will identify direct control load and interruptible demand. Advanced technologies and demand-side resources will be treated comparably, where appropriate in the transmission planning process, to transmission and generation solutions. Transmission plans developed under this Attachment K will be technology neutral, balancing costs, benefits and risks associated with the use of demand-side resources, transmission and generation to meet the needs of transmission customers and the Transmission Provider.

VI. Dispute Resolution

- Describe the process(es) that will be used to resolve planning-related disputes. Describe the issues, procedural and substantive, that will be addressed through a particular dispute resolution process.

Any dispute, claim or controversy ~~amongst~~between the Transmission Owner, ~~the ITO~~ and/or a stakeholder regarding application of, or results from, these Transmission Planning Procedures, including any Transmission Owner activities undertaken pursuant to Section VII, Regional Coordination (each a "Dispute") shall be resolved in accordance with the procedures set forth in this Section VI. ~~For the avoidance of doubt, any dispute between the ITO and the Transmission Owner shall be resolved pursuant to the dispute resolution provisions of the ITO Agreement.~~

1. Notice of Dispute. In the event of a Dispute under this Section VI, any party to the Dispute may provide written notice to the other parties to the Dispute, including a description of the nature of the Dispute.
2. Dispute Resolution by Representatives. The parties to the Dispute shall first refer the Dispute to their respective representatives who shall negotiate in good faith to resolve the Dispute.
3. Dispute Resolution by Executive Management Representatives. If the Dispute is not resolved within fifteen (15) days of being referred to the disputing parties' representatives

pursuant to subsection 2 of this Section VI, then each party shall have five (5) days to appoint an executive management representative who shall negotiate in good faith to resolve the Dispute.

4. Dispute Resolution by Mediation. If the parties' executive management representatives are unable to resolve the Dispute within thirty (30) days of their appointment, the parties shall proceed in good faith to submit the matter to a mediator mutually acceptable to the disputing parties. The parties will share equally in the cost of such mediation, which will be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association.

5. Arbitration. If the parties are unable to resolve the Dispute within thirty (30) days after the appointment of a mediator pursuant to subsection 4 of this Section VI, then the Dispute may be filed as a complaint at FERC, or may be resolved according to the provisions for arbitration and any other remedies as outlined in this subsection 5.

a. Choice of Arbitrator(s). Any arbitration initiated under subsection 5 shall be conducted before a single neutral arbitrator appointed by the disputing parties. If the disputing parties fail to agree upon a single arbitrator within ten (10) days of the referral of the Dispute to arbitration, each disputing party shall choose one arbitrator who shall sit on a three-member arbitration panel. The arbitrator(s) shall provide each of the disputing 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.

b. Arbitration Decisions. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the disputing parties in writing of such decision and the reasons therefore. The decision of the arbitrator(s) shall be final and binding upon the disputing parties, and judgment on the award may be entered in any court having jurisdiction; provided, to the extent the final decision of the arbitrator(s) affects jurisdictional rates, terms and conditions of service or facilities, it must also be filed with the FERC consistent with applicable law, and its effectiveness is contingent upon applicable filing and acceptance provisions of applicable law, if any. 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.

c. Costs. Each disputing party shall be responsible for its own costs incurred during the arbitration process and for the cost of the arbitrator chosen by the disputing party to sit on the three member panel or, if applicable, one third of the cost of the single arbitrator jointly chosen by the disputing parties.

6. Notwithstanding these Dispute Resolution procedures, any party to dispute retains its rights to file a complaint pursuant to Section 206 of the Federal Power Act.

7. Any procedural or substantive dispute between a stakeholder and a Southeast Inter-Regional Participation Process (“SIRPP”) Participating Transmission Owner (other than the Transmission Owner under this OATT) that arises from the SIRPP will be addressed by the Dispute Resolution measures contained in the SIRPP regional planning process, attached here to at Appendix 5.

VII. Regional Coordination

- Identify the entities with which the transmission provider engages in regional planning and the responsibilities of each entity in the planning process.

The Transmission Owner has joined the SIRPP announced by Southern Company in August 2007. The Transmission Owner has been, and will continue to be, an active participant in this group. The goal of the SIRPP is to complement the planning processes developed by the Participating Transmission Providers. The process will provide a means for conducting stakeholder requested Economic Planning Studies across multiple interconnected systems. The SIRPP will build on the current inter-regional, reliability planning processes required by existing multi-party reliability agreements to allow for additional participation by stakeholders. As proposed, each Participating Transmission Provider's Attachment K process will be utilized to collect data, coordinate planning assumptions, and to address stakeholder requested Economic Planning Studies internal to their respective regions. The data and assumptions developed at the regional level through the planning process described in this Attachment K (which incorporates SPC and stakeholder input) will then be consolidated and used in the development of models for use in the Inter-Regional Process. In addition to Southern Company, other entities involved in this regional planning process are Duke Energy Carolinas, Entergy, Progress Energy Carolinas, the Tennessee Valley Authority, South Carolina Electric & Gas, Santee Cooper, Alabama Electric Cooperative, Dalton Utilities, Georgia Transmission, Municipal Electric Authority of Georgia and South Mississippi Electric Power Association.

The complete SIRPP process document is attached hereto at Appendix 5.

The Transmission Owner also is involved in the TVA subregional planning process, or Central Public Power Partners group. The Transmission Owner also participates in the MISO-PJM-TVA planning process, as an interested neighboring utility. TVA is the Reliability Coordinator under this OATT, and is a signatory to the Joint Reliability Coordination Agreement ("JRCA," referenced herein at Attachment Q); TVA participates in the JRCA on its own behalf and on behalf of the Transmission Owner. In addition to this contractual relationship, the Transmission Owner participates with affected systems such as MISO, PJM, and TVA on affected system studies when new generator interconnections so require.

- Describe the interaction between local planning and regional planning activities.

The Transmission Owner participates in the NERC Working Group annual Multi-regional Modeling ("MMWG") process through SERC. This is a bottom-up process: when projects are added to the Transmission Owner's model through the stakeholder processes outlined in this Attachment K, the information gathered through that process may be included in the MMWG plan if it meets the Working Group's criteria. There is no separate timeline for evaluating under the MMWG; once a project is added to the Transmission Owner's model, it is included in the MMWG.

Additionally, the Transmission System is interconnected with the transmission systems of East Kentucky Power Cooperative, Inc. ("EKPC"), American Electric Power subsidiaries Kentucky Power Company, Appalachian Power Company, and Ohio Power Company (collectively, "AEP"), and Duke Energy Ohio and Duke Energy Indiana (collectively, "Duke Energy"). Under the terms of the wires-to-wires interconnection agreements with each of these entities, the Transmission Owner, EKPC, AEP, and Duke Energy provide input to NERC which develops models of the eastern interconnection.

- Describe any inter-regional planning activities in which the transmission provider or regional entity participates.

(See above).

- Describe the process for reviewing and coordinating the results of subregional, regional and inter-regional planning activities.

(See above).

- The forms of subregional or regional planning that occur today in the transmission provider's region;

(See above).

- The modifications or improvements to such processes that are being proposed as part of compliance with Order No. 890;

(See above).

- The reasons why a particular subregion or region was chosen to address compliance with Principle No. 7;

SERC is the regional reliability organization for the Transmission Owner.

- The process by which the proposed subregional or regional planning processes can evolve over time as stakeholders gain experience with them (e.g., in undertaking additional studies as experience is gained with the initial studies; in formalizing stakeholder and state agency participation; in exchanging data, etc.).

As discussed above, the Transmission Owner supports the concept, and would be happy to participate in the proposed inter-regional SERC process recently announced, as discussed above.

As an overall matter, the regional programs described herein operate on bottom-up principles: the individual transmission-owning participants work with their stakeholders to identify problems or projects, which are then presented to the regional group as appropriate. The project or problem is then studied and/or acted upon pursuant to the regional group's standards committee using objective criteria. If a project moves forward at the regional level, costs are allocated pursuant to the regional group's cost allocation methodology (if any). For the cost allocation methodology associated with the SIRPP, see the SIRPP process document attached hereto at Appendix 5.

VIII. Economic Planning

- Describe the scope of economic planning undertaken by the transmission provider on behalf of its native load and OATT customers.

Currently, there is no process to consider economic projects or the economic benefits of reliability projects. However, members of the SPC will form an Economic Expansion Planning (“EP”) subcommittee, which will develop a process for considering economic projects. The EP subcommittee will be made up of members from the SPC.

Economic planning studies will be open to participation by all Transmission and Network Customers and interested parties. Economic planning studies may be used to evaluate network additions or upgrades that are not required to maintain NERC or SERC standards of reliability on the Transmission System, or to accommodate a request for transmission service, but that may alleviate significant and/or recurring congestion on some portion of the Transmission System. Economic planning studies may also be used to evaluate network additions or upgrades necessary to integrate any new resource or load on the Transmission System.

- Describe the process by which economic planning studies can be requested and the procedures for publishing study-related information.

In January, the ~~HO~~[Transmission Owner](#) will open a queue on the OASIS for the submission of requests for economic planning studies. Requests for economic planning studies may be submitted by Transmission Customers, Network Customers, Eligible Customers, Interconnection Customers, or other stakeholders. The queue will remain open for sixty (60) days. In March, each Transmission or Network Customer, or other member of the SPC, may nominate one person to the EP Subcommittee. The EP Subcommittee will evaluate and prioritize the requests for economic studies, including clustering any study requests. The EP Subcommittee will establish its own rules of procedure. The EP Subcommittee shall present its recommendations to the SPC at the spring stakeholder meeting. The top five (5) requests approved by the SPC shall be performed by the Transmission Owner by September 1 of each year, so that the results may be reviewed in conjunction with the transmission expansion planning process. The results will also be posted on OASIS.

As discussed below, the costs for the top five (5) requests identified by the SPC shall be included in the Transmission Owner’s transmission rates. If a customer’s request was not identified in the top five (5), then the customer may request that the Transmission Owner complete the study and assess the customer directly for the costs of the study.

The Transmission Owner shall perform the economic planning studies to the extent it has the data necessary to perform such a study. The Transmission Owner may solicit the requesting customer(s), or the Transmission Owner’s Load Serving Entity for additional information and data necessary to perform the requested economic planning study. Such information and data will be subject to confidentiality provisions, and/or Standards of Conduct, as appropriate.

The performance of an economic planning study is for evaluation purposes only. The Transmission Owner is under no obligation to build any network additions or upgrades identified by the economic planning studies.

In addition to economic planning studies that the Transmission Owner may perform for its own Transmission System, economic planning studies may also be conducted pursuant to the SIRPP. The Transmission Owner shall allocate the costs for any economic planning studies conducted as part of the SIRPP among all customers.

- Describe the mechanism for recovering costs incurred to perform economic planning studies.

The costs for the top five (5) yearly economic planning studies performed solely for the Transmission Owner's system shall be included in the Transmission Owner's transmission rates via a line-item added to the Transmission Owner's formula rate to collect these expense items. If a customer's request was not identified in the top five (5), then the customer may request that the Transmission Owner complete the study and assess the customer directly for the costs of the study.

IX. Cost Allocation

The Transmission Owner has included the following cost allocation criteria for economic upgrades or additions for purposes of its Order 890 filing. Once formed, the SPC will examine the criteria to form a recommendation to the Transmission Owner on whether revised criteria should be developed (including any criteria regarding protection against "free riders"), with input from all stakeholders and interested parties including the Kentucky Public Service Commission.

The following cost allocation criteria do not apply to network upgrades or additions necessary to maintain Transmission System reliability pursuant to NERC or SERC standards, nor do they apply to network upgrades or additions identified in conjunction with a transmission service request. No upgrades described in this Section IX will be built unless the Transmission Owner has a guarantee from the customers requesting such upgrade that they will pay for the upgrade and that the Transmission Owner will not be responsible for any of the costs of the upgrade.

1. Economic Upgrades or Additions. If a network upgrade or addition is identified in an economic planning study requested by a single customer, and if such addition or upgrade is then approved for construction, then the customer requesting the upgrade shall agree to pay for the costs of the upgrade. If the customer(s) fail to agree to pay the costs identified, then the request will be deemed withdrawn.
2. Projects with Multiple Transmission Customers. For a network upgrade or addition that is requested by more than one Transmission or Network Customer, the customers requesting the upgrade shall agree as to how the costs of the upgrade shall be allocated among the customer(s) identified in the economic planning study. If the customer(s) fail to reach an agreement, the ~~HO~~ Transmission Owner shall allocate the costs of the upgrade on an equal, per capita basis to all customers requesting the upgrade.

X. Recovery of Planning Costs

- Describe the methodology used to recover costs associated with planning for reliability needs.
 - The LG&E/KU OATT does not separately track planning-related costs; but rather, the costs of all such reliability planning is included in the rates for jurisdictional transmission services. To the extent that the Transmission Owner is required to provide economic planning, and to the extent that the Transmission Owner is permitted to recover costs for such economic planning, for studies in excess of the five annual studies identified by the EP, the Transmission Owner proposes to book such expenses in a separate transmission operating subaccount and charge these costs to all entities that sign an economic expansion study agreement. A copy of the economic planning study agreement, for those stakeholders who commission economic planning studies outside of the five identified by the EP, is attached hereto as Appendix 6.
 - The Transmission Owner agrees to work with stakeholders and state agencies to determine if any other entities are in need of cost recovery for planning related activities and, if so, how those costs will be recovered.
 - To the extent that a regional planning organization is formed, the Transmission Owner's costs associated with planning activities for that organization will be rolled into jurisdictional transmission rates.

Appendix 1

**CONFIDENTIALITY AGREEMENT
FOR TREATMENT OF NON-CEII
CONFIDENTIAL TRANSMISSION PLANNING
INFORMATION**

THIS STANDARD CONFIDENTIALITY AGREEMENT FOR TREATMENT OF NON CRITICAL INFRASTRUCTURE INFORMATION (“CEII”) CONFIDENTIAL TRANSMISSION PLANNING INFORMATION (“Agreement”) is made and entered into this _____ day of _____, 2007 by and between _____ (“Stakeholder”), and **E.ON U.S. SERVICES INC.**, a company organized and existing under the laws of the Commonwealth of Kentucky, acting as agent for its operating companies (in such capacity, “**E.ON**”), Louisville Gas and Electric Company, a public utility corporation organized and existing under the laws of the Commonwealth of Kentucky (“**LG&E**”), and Kentucky Utilities Company, a public utility corporation organized and existing under the laws of the Commonwealth of Kentucky (“**KU**”). Collectively, LG&E and KU may be referred to as the “Transmission Owner.” Stakeholder and Transmission Owner each may be referred to as a “Party” or collectively as the “Parties.”

Recitals

WHEREAS, Transmission Owner operates a Transmission System; and

WHEREAS, Stakeholder has been identified as having a legitimate interest in the Transmission Owner’s transmission planning processes, whether by virtue of being a Transmission Customer, Interconnection Customer, Eligible Customer, having a transmission interconnection with the Transmission System, or being part of the Kentucky Public Service Commission;

WHEREAS, the Federal Energy Regulatory Commission (“FERC” or “the Commission”) requires that transmission planning is carried out in an open and transparent manner, and that the Transmission Owner develop confidentiality procedures to ensure that information flows freely among the Parties;

WHEREAS, Transmission Owner and Stakeholder understand that certain Transmission Planning Information that has been designated as commercially sensitive Confidential Information, as defined in the Tariff, but not Critical Energy Infrastructure Information, as defined in 18 CFR § 388.113(c)(1), and its disclosure should be governed by a confidentiality agreement; and

WHEREAS, Stakeholder and Transmission Owner have agreed to enter into this Agreement for the purpose of protecting the disclosure of Confidential Transmission Planning Information.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

Article 1: Purpose

This Agreement shall govern access to the Confidential Transmission Planning Information that is not Critical Energy Infrastructure Information¹¹ conveyed to the Stakeholder by the Transmission Owner ~~or the Independent Transmission Organization (“ITO”)~~ in relation to transmission planning for the Transmission System.

Unless otherwise agreed, the obligations of confidentiality and non-use set forth in this Agreement do not apply to such Transmission Planning Information that:

- (A) Was, at the time of receipt, already known to the Stakeholder, free of any obligation to keep it confidential, as evidenced by written records prepared prior to delivery by the Transmission Owner ~~or ITO~~;
- (B) Is or becomes publicly known through no wrongful act of the Stakeholder;
- (C) Is rightfully received from a third person having no direct or indirect secrecy or confidentiality obligation to the Transmission Owner with respect to such information;
- (D) Is independently developed by an employee, agent, or contractor of the Stakeholder;
or
- (E) Is required to be made public by the Stakeholder pursuant to Article 12 of this Agreement.

Article 2: Definitions

Unless otherwise defined in Article 2 of this Agreement, capitalized terms shall have the meanings specified in the Transmission Owner’s OATT.

2.1 Transmission Planning Information. The term “Transmission Planning Information” means the information used by the Transmission Owner ~~or ITO~~ in the process of transmission planning. Transmission Planning Information includes Confidential Transmission Planning Information, as well as information that may be publicly available.

2.2 Confidential Transmission Planning Information. The term “Confidential Transmission Planning Information” means the annual Transmission Expansion Plan, data used by the Transmission Owner ~~or ITO~~ in the process of transmission planning, the status of transmission expansion projects, or any other information provided to the Stakeholder with regard to transmission planning on the Transmission Owner’s Transmission System that is designated as “Confidential.”

¹¹ For the purposes of this Confidentiality Agreement and Attachment K, the Transmission Owner has made a good faith effort to properly identify certain data and information as potential “Critical Energy Infrastructure Information,” critical assets or critical cyber assets. However, such determination may be reversed by the Transmission Owner in the future or in a separate forum, as appropriate.

2.3 Critical Energy Infrastructure Information. The term “Critical Energy Infrastructure Information” means only the annual Transmission Expansion Plan, data used by the Transmission Owner ~~or ITO~~ in the process of transmission planning, the status of transmission expansion projects, or any other information provided to the Stakeholder with regard to transmission planning on the Transmission Owner’s Transmission System that is designated as “Critical Energy Infrastructure Information.”

2.4 Notes. The term “Notes” means memoranda, handwritten notes, or any other form of information (including electronic form) that copies or discloses Confidential Transmission Planning Information and/or Critical Energy Infrastructure Information. Notes are subject to the same restrictions provided for in this Agreement for Confidential Transmission Planning Information and/or Critical Energy Infrastructure Information.

Article 3: Term and Termination

3.1 Term. The term of this agreement shall commence immediately upon the signature of an officer of the Stakeholder and shall remain in effect for a period of five (5) years unless terminated sooner, with or without cause, by either Party in writing. The confidentiality and non-disclosure obligations of this Agreement shall survive this Agreement for a period of three (3) years after termination.

3.2 Termination. Stakeholder may terminate this Agreement at any time upon written notice of the intent to terminate, at which time Stakeholder shall be prohibited from further receipt of Confidential Transmission Planning Information and/or Critical Energy Infrastructure Information.

3.2.1 Termination does not excuse the Stakeholder or any of its employees, experts, agents or representatives receiving such information from maintaining the confidentiality of any Confidential Transmission Planning Information and/or Critical Energy Infrastructure Information received prior to termination and preventing disclosure of that Confidential Transmission Planning Information and/or Critical Energy Infrastructure Information, under the terms of this Agreement, for the term of this Agreement specified in Article 3.1.

3.2.2 Stakeholder and/or its employees, experts, agents or representatives shall destroy or return all Confidential Transmission Planning Information and/or Critical Energy Infrastructure Information to the Transmission Owner immediately upon termination of this Agreement.

Article 4: Use of Confidential Transmission Planning Information Infrastructure Information

All persons who may be entitled to review, or who are afforded access to Confidential Transmission Planning Information and by reason of this Agreement shall only use the Confidential Transmission Planning Information for the

Stakeholder's internal purposes, including its participation in the Transmission Owner's transmission planning process, and not for the benefit or business purposes of any third party and in accordance with the purposes and intent of this Agreement.

Where references to Confidential Transmission Planning Information is required in studies, memorandum, reports, or other documents, internal or external, such references shall be by citation to the data as a whole, without reference to specific third party information and shall not disclose the substantive Confidential Transmission Planning Information contained therein.

Nothing herein shall require or obligate the Transmission Owner to release or provide access to potential CEII, critical assets or critical cyber assets-related information in a manner inconsistent with applicable law, regulation, mandatory reliability standards or prudent utility practice, as determined in the discretion of the Transmission Owner, reasonably applied.

Article 5: Nondisclosure

Confidential Transmission Planning Information shall not be disclosed to any person who is not identified in the List of Authorized Recipients, which is attached hereto as Exhibit "A" and incorporated herein.

Confidential Transmission Planning Information, including any Notes or studies produced on behalf of the Stakeholder by its employees, experts, agents or representatives, shall be treated as confidential by each Party, and shall not be disclosed in any manner to any person except another employee, expert, agent or representative who is authorized to receive the information in accordance with this Agreement.

Article 6: Compliance and Protection of Confidential Transmission Planning Information

Stakeholder represents and warrants that it has practices and procedures adequate to protect against the unauthorized release of the Confidential Transmission Planning Information received. Stakeholder must educate its employees, experts, agents, or representatives in the provisions of this Agreement and provide to the Transmission Owner upon request any information necessary to determine compliance with the terms of this Agreement.

Article 7: Persons Entitled to Review

7.1 Qualifications. Access to Confidential Transmission Planning Information shall be limited to those employees, experts, agents or representatives necessary to participate in the Transmission Owner's transmission planning process, including those who perform an analysis of the Transmission Owner's transmission planning.

In the event that any employee, expert, agent or representative to whom the Confidential Transmission Planning Information has been disclosed ceases to be affiliated with the Stakeholder, or is employed or retained for a position that would disqualify that individual pursuant to this Article, the Stakeholder shall terminate that individual's access to Confidential Transmission Planning Information and either destroy all Notes prepared by that employee, expert, agent or representative or return those Notes to the Transmission Owner. The employee, expert, agent or representative shall fulfill their obligations under this Agreement for the remainder of the term of the Agreement as defined in Article 3.

7.2 Designation of Employees, Experts, Agents or Representatives. Concurrent with the execution of this Agreement, Stakeholder shall designate the employees, experts, agents or representatives to receive the Confidential Transmission Planning Information by providing the completed List of Authorized Recipients, attached hereto as Exhibit A. Stakeholder shall provide to the Transmission Owner ~~and the ITO~~ the name, position/title, business address, phone number, email address, and primary responsibilities for each designated employee, expert, agent or representative. Stakeholder may submit requests for approval of additional employees, experts, agents or representatives to receive Confidential Transmission Planning Information to the Transmission Owner ~~and ITO~~ as required. Exhibit A shall be updated (including, and especially reflecting, the deletions of names of individuals no longer employed by the company, or that no longer require or qualify to have access to the Confidential Transmission Planning Information) and resubmitted to the Transmission Owner promptly to reflect the current and accurate listing of those individuals within the company that have been designated by the Stakeholder and approved by the Transmission Owner.

7.3 Approval. Transmission Owner must approve the disclosure of Confidential Transmission Planning Information to each designated employee, expert, agent or representative of the Stakeholder, such approval not to be unreasonably withheld. Stakeholder shall not disclose Confidential Transmission Planning Information to any additional employees, experts, agents or representatives of Stakeholder, unless and until Transmission Owner approves the disclosure and the designated employee, expert, agent or representative is identified on the List of Authorized Recipients.

7.4 Internal Disclosure. An employee, expert, agent or representative may disclose Confidential Transmission Planning Information to another employee, expert, agent or representative as long as the disclosing

employee, expert, agent or representative and the receiving employee, expert, agent or representative are both identified on the List of Authorized Recipients.

Article 8: Treatment of Confidential Material

Confidential Transmission Planning Information shall be clearly marked and protected from unauthorized public disclosure and disclosure to unauthorized employees, experts, agents or representatives of the Stakeholder.

Article 9: Copies

No copies or transcriptions of the Confidential Transmission Planning Information shall be made by the Stakeholder except as necessary to make the information available to authorized individuals.

Article 10: Return of Confidential Transmission Planning Information

10.1 General. Upon request of Transmission Owner, all original documents and copies of the Confidential Transmission Planning Information shall be: 1) returned to Transmission Owner, or 2) destroyed by the holder of such documents.

10.2 Return of Notes. Any Notes maintained by a recipient of Confidential Transmission Planning Information which embody or reflect any of the Confidential Transmission Planning Information provided under this Agreement shall, upon request of Transmission Owner, be either returned to Transmission Owner or, at the option of the recipient, destroyed.

Article 11: Accuracy of Information

Stakeholder acknowledges that neither Transmission Owner, nor any of Transmission Owner's agents, employees, or other representatives (including but not limited to ~~the ITO or~~ the Reliability Coordinator), are making any representation or warranty as to the accuracy or completeness of any information furnished to Stakeholder. Neither Transmission Owner nor any of its officers, directors, employees, agents or controlling persons (including, without limitation, parent and subsidiary companies) shall have any liability to Stakeholder, or to any of Stakeholder's agents or other representatives, or any other person, relating to or arising from the use of information provided to Stakeholder by Transmission Owner.

Article 12: Compelled Disclosure.

In the event that Stakeholder becomes legally compelled (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process, or applicable law

or regulation) to disclose any Confidential Transmission Planning Information, the Stakeholder shall give the Transmission Owner prompt

written notice of such requirement prior to releasing such information so that the Transmission Owner may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. The Stakeholder shall cooperate with the Transmission Owner to obtain a protective order. In the event that such protective order or other remedy is not obtained, or that the Transmission Owner waives compliance with the terms hereof, the Stakeholder agrees to provide only that limited portion of the Confidential Transmission Planning Information that it is advised by written opinion of counsel is legally required and to exercise best efforts to obtain assurance that confidential treatment will be accorded such information. Upon request of the Transmission Owner, the Stakeholder shall provide such opinion of counsel to the Transmission Owner. Disclosure of Confidential Transmission Planning Information by the Transmission Owner to regulatory bodies having jurisdiction over the Transmission Owner will not terminate the confidentiality of the Confidential Transmission Planning Information, provided that the Transmission Owner submits the Confidential Transmission Planning Information under an appropriate protective order or agreement.

Article 13: Remedies

Each Party acknowledges that any disclosure or misappropriation of Confidential Transmission Planning Information by the Stakeholder in violation of this Agreement could cause the Transmission Owner irreparable harm, the amount of which may be extremely difficult to estimate, thus making any remedy at law or in damages inadequate. Therefore, the Stakeholder agrees that the Transmission Owner shall have the right to apply to any court of competent jurisdiction for a restraining order or an injunction restraining or enjoining any breach or threatened breach of this Agreement and for any other equitable relief that the Transmission Owner deems appropriate. This right shall be in addition to any other remedy available to the Parties in law or equity. Stakeholder shall be liable for and shall pay Transmission Owner for any court costs and reasonable attorney's fees incurred in obtaining this and any other remedy under this Agreement.

Article 14: Indemnification

Stakeholder shall indemnify Transmission Owner for any liability to third-parties resulting from the unauthorized disclosure of the Confidential Transmission Planning Information subject to this Agreement by Stakeholder or Stakeholder's employees, experts, agents or representatives to any individual that is not authorized under this Agreement to receive the information. Stakeholder's indemnification of Transmission Owner includes compensation to Transmission Owner for all of Transmission Owner's attorney's fees.

Article 15: Contact Information

Stakeholder shall send its executed Confidentiality Agreement, including Exhibit A and any amended Exhibit A, and all correspondence related to this Confidentiality Agreement to:

E.ON U.S. Services, Inc.
Attn: _____
220 West Main Street
Louisville, KY

The Transmission Owner may, upon notice to Stakeholder, update its contact information at any time during this Agreement.

Article 16: Assignment

This Agreement may only be assigned by a Party with the written consent of the non-assigning Party, which consent shall be at the sole discretion of the non-assigning Party.

Article 17: Amendments

No amendment, modification, and/or discharge of this Agreement, other than that identified in Article 15, shall be valid or binding on the Parties unless made in writing and signed on behalf of each of the Parties by their respective duly authorized officers or representatives.

Article 18: Miscellaneous Provisions

- 18.1 Nothing contained in this Agreement shall require either Party, or the Parties collectively, to commence, continue, or conclude discussions or negotiations or require the execution of any documents or agreements, which action or inaction shall be at the sole discretion of each Party, respectively.
- 18.2 No Party shall issue any press release or make any public statement of any kind that discussions or negotiations are taking place concerning or related to this Agreement without the prior written consent of the other Party, which consent shall be at the sole discretion of said other Party.
- 18.3 This Agreement constitutes the entire understanding and agreement between the Parties hereto with respect to the subject matter hereof and supersedes all previous communications, representations, and understandings, both oral and written, between the Parties with respect to the subject matter of this Agreement.
- 18.4 Nothing herein shall constitute, or be interpreted as creating or constituting any partnership, joint venture or agency relationship between the Parties.

- 18.5 The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the Commonwealth of Kentucky.
- 18.6 If any provision in this Agreement 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 Agreement.
- 18.7 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. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Any waiver of this Agreement shall, if requested, be provided in writing.
- 18.8 The descriptive headings of the various Articles of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

ACCEPTED AND AGREED TO BY:

Stakeholder

E.ON U.S. Services, Inc.

By: _____

By: _____

Date: _____

Date: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT A

List of Authorized Recipients

Stakeholder (_____), its employees, experts, agents, representatives, subject to the Confidentiality Agreement, as of this _____ day of _____, 20__:

Print Name: _____
Title: _____
Business Address: _____
Email Address: _____
Phone Number: _____
Primary Responsibilities: _____

Print Name: _____
Title: _____
Business Address: _____
Email Address: _____
Phone Number: _____
Primary Responsibilities: _____

Print Name: _____
Title: _____
Business Address: _____
Email Address: _____
Phone Number: _____
Primary Responsibilities: _____

Print Name: _____
Title: _____
Business Address: _____
Email Address: _____
Phone Number: _____
Primary Responsibilities: _____

Print Name: _____
Title: _____
Business Address: _____
Email Address: _____
Phone Number: _____
Primary Responsibilities: _____

(Attach Additional Pages If Necessary)

CONFIDENTIALITY AGREEMENT FOR TREATMENT OF CEII CONFIDENTIAL TRANSMISSION PLANNING INFORMATION

THIS STANDARD CONFIDENTIALITY AGREEMENT FOR TREATMENT OF CRITICAL INFRASTRUCTURE INFORMATION (“CEII”) CONFIDENTIAL TRANSMISSION PLANNING INFORMATION (“Agreement”) is made and entered into this _____ day of _____, 2007 by and between _____ (“Stakeholder”), and **E.ON U.S. SERVICES INC.**, a company organized and existing under the laws of the Commonwealth of Kentucky, acting as agent for its operating companies (in such capacity, “**E.ON**”), Louisville Gas and Electric Company, a public utility corporation organized and existing under the laws of the Commonwealth of Kentucky (“**LG&E**”), and Kentucky Utilities Company, a public utility corporation organized and existing under the laws of the Commonwealth of Kentucky (“**KU**”). Collectively, LG&E and KU may be referred to as the “Transmission Owner.” Stakeholder and Transmission Owner each may be referred to as a “Party” or collectively as the “Parties.”

Recitals

WHEREAS, Transmission Owner operates a Transmission System; and

WHEREAS, Stakeholder has been identified as having a legitimate interest in the Transmission Owner’s transmission planning processes, whether by virtue of being a Transmission Customer, Interconnection Customer, Eligible Customer, having a transmission interconnection with the Transmission System, or being part of the Kentucky Public Service Commission;

WHEREAS, the Federal Energy Regulatory Commission (“FERC” or “the Commission”) requires that transmission planning is carried out in an open and transparent manner, and that the Transmission Owner develop confidentiality procedures to ensure that information flows freely among the Parties;

WHEREAS, Transmission Owner and Stakeholder understand that certain Transmission Planning Information that has been designated as commercially sensitive Critical Energy Infrastructure Information (“CEII”), as defined in 18 CFR § 388.113(c)(1), and its disclosure should be governed by a confidentiality agreement; and

WHEREAS, Stakeholder and Transmission Owner have agreed to enter into this Agreement for the purpose of protecting the disclosure of Confidential CEII Transmission Planning Information.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

Article 1: Purpose

This Agreement shall govern access to Critical Energy Infrastructure Information¹² conveyed to the Stakeholder by the Transmission Owner ~~or the Independent Transmission Organization (“ITO”)~~ in relation to transmission planning for the Transmission System.

Unless otherwise agreed, the obligations of confidentiality and non-use set forth in this Agreement do not apply to such Transmission Planning Information that:

- (A) Was, at the time of receipt, already known to the Stakeholder, free of any obligation to keep it confidential, as evidenced by written records prepared prior to delivery by the Transmission Owner ~~or ITO~~;
- (B) Is or becomes publicly known through no wrongful act of the Stakeholder;
- (C) Is rightfully received from a third person having no direct or indirect secrecy or confidentiality obligation to the Transmission Owner with respect to such information;
- (D) Is independently developed by an employee, agent, or contractor of the Stakeholder; or
- (E) Is required to be made public by the Stakeholder pursuant to Article 12 of this Agreement.

Article 2: Definitions

Unless otherwise defined in Article 2 of this Agreement, capitalized terms shall have the meanings specified in the Transmission Owner’s OATT.

2.1 Transmission Planning Information. The term “Transmission Planning Information” means the information used by the Transmission Owner ~~or ITO~~ in the process of transmission planning. Transmission Planning Information includes Confidential Transmission Planning Information, as well as information that may be publicly available.

2.2 Confidential Transmission Planning Information. The term “Confidential Transmission Planning Information” means the annual Transmission Expansion Plan, Transmission Planning Guidelines and Criteria, data used by the Transmission Owner ~~or ITO~~ in the process of transmission planning, the status of transmission expansion projects, or any other information provided to the Stakeholder with regard to transmission planning on the Transmission Owner’s Transmission System that is designated as “Confidential.”

2.3 Critical Energy Infrastructure Information. The term “Critical Energy Infrastructure Information” means only the annual Transmission Expansion Plan, data used by the Transmission Owner ~~or ITO~~ in the process of transmission planning, the status of transmission

¹² For the purposes of this Confidentiality Agreement and Attachment K, the Transmission Owner has made a good faith effort to properly identify certain data and information as potential “Critical Energy Infrastructure Information.”, critical assets or critical cyber assets. However, such determination may be reversed by the Transmission Owner in the future or in a separate forum, as appropriate.

expansion projects, or any other information provided to the Stakeholder with regard to transmission planning on the Transmission Owner's Transmission System that is designated as "Critical Energy Infrastructure Information."

2.4 Notes. The term "Notes" means memoranda, handwritten notes, or any other form of information (including electronic form) that copies or discloses Confidential Critical Energy Infrastructure Information. Notes are subject to the same restrictions provided for in this Agreement for Confidential Critical Energy Infrastructure Information.

Article 3: Term and Termination

3.1 Term. The term of this agreement shall commence immediately upon the signature of an officer of the Stakeholder and shall remain in effect for a period of five (5) years unless terminated sooner, with or without cause, by either Party in writing. The confidentiality and non-disclosure obligations of this Agreement shall survive this Agreement for a period of three (3) years after termination.

3.2 Termination. Stakeholder may terminate this Agreement at any time upon written notice of the intent to terminate, at which time Stakeholder shall be prohibited from further receipt of Confidential Critical Energy Infrastructure Information.

3.2.1 Termination does not excuse the Stakeholder or any of its employees, experts, agents or representatives receiving such information from maintaining the confidentiality of any Confidential Critical Energy Infrastructure Information received prior to termination and preventing disclosure of that Confidential Critical Energy Infrastructure Information, under the terms of this Agreement, for the term of this Agreement specified in Article 3.1.

3.2.2 Stakeholder and/or its employees, experts, agents or representatives shall destroy or return all Confidential Critical Energy Infrastructure Information to the Transmission Owner immediately upon termination of this Agreement.

Article 4: Use of Confidential Critical Energy Infrastructure Information

All persons who may be entitled to review, or who are afforded access to

Confidential Critical Energy Infrastructure Information by reason of this

Agreement shall only use the Confidential Critical Energy Infrastructure

Information for the Stakeholder's internal purposes, including its participation in

the Transmission Owner's transmission planning process, and not for the benefit or

business purposes of any third party and in accordance with the purposes and intent

of this Agreement.

Where references to Confidential Critical Energy Infrastructure Information is required in studies, memorandum, reports, or other documents, internal or external, such references shall be by citation to the data as a whole, without reference to specific third party information and shall not disclose the substantive Confidential Critical Energy Infrastructure Information contained therein.

Nothing herein shall require or obligate the Transmission Owner to release or provide access to potential CEII, critical assets or critical cyber assets-related information in a manner inconsistent with applicable law, regulation, mandatory reliability standards or prudent utility practice, as determined in the discretion of the Transmission Owner, reasonably applied.

Article 5: Nondisclosure

Confidential Critical Energy Infrastructure Information shall not be disclosed to any person who is not identified in the List of Authorized Recipients, which is attached hereto as Exhibit "A" and incorporated herein.

Confidential Critical Energy Infrastructure Information, including any Notes or studies produced on behalf of the Stakeholder by its employees, experts, agents or representatives, shall be treated as confidential by each Party, and shall not be disclosed in any manner to any person except another employee, expert, agent or representative who is authorized to receive the information in accordance with this Agreement.

Article 6: Compliance and Protection of Confidential Critical Energy Infrastructure Information

Stakeholder represents and warrants that it has practices and procedures adequate to protect against the unauthorized release of the Confidential Critical Energy Infrastructure Information received. Stakeholder must educate its employees, experts, agents, or representatives in the provisions of this Agreement and provide to the Transmission Owner upon request any information necessary to determine compliance with the terms of this Agreement.

Article 7: Persons Entitled to Review

7.1 Qualifications. Access to Confidential Critical Energy Infrastructure Information shall be limited to those employees, experts, agents or representatives necessary to participate in the Transmission Owner's transmission planning process, including those who perform an analysis of the Transmission Owner's transmission planning.

In the event that any employee, expert, agent or representative to whom the Confidential Critical Energy Infrastructure Information has been disclosed ceases to be affiliated with the Stakeholder, or is employed or retained for a position that would disqualify that individual pursuant to this Article, the Stakeholder shall terminate that individual's access to Confidential

Critical Energy Infrastructure Information and either destroy all Notes prepared by that employee, expert, agent or representative or return those Notes to the Transmission Owner. The employee, expert, agent or representative shall fulfill their obligations under this Agreement for the remainder of the term of the Agreement as defined in Article 3.

7.2 Designation of Employees, Experts, Agents or Representatives. Concurrent with the execution of this Agreement, Stakeholder shall designate the employees, experts, agents or representatives to receive the Confidential Critical Energy Infrastructure Information by providing the completed List of Authorized Recipients, attached hereto as Exhibit A. Stakeholder shall provide to the Transmission Owner ~~and the ITO~~ the name, position/title, business address, phone number, email address, and primary responsibilities for each designated employee, expert, agent or representative. Stakeholder may submit requests for approval of additional employees, experts, agents or representatives to receive Confidential Critical Energy Infrastructure Information to the Transmission Owner ~~and ITO~~ as required. Exhibit A shall be updated (including, and especially reflecting, the deletions of names of individuals no longer employed by the company, or that no longer require or qualify to have access to the Confidential Critical Energy Infrastructure Information) and resubmitted to the Transmission Owner promptly to reflect the current and accurate listing of those individuals within the company that have been designated by the Stakeholder and approved by the Transmission Owner.

7.3 Approval. Transmission Owner must approve the disclosure of Confidential Critical Energy Infrastructure Information to each designated employee, expert, agent or representative of the Stakeholder, such approval not to be unreasonably withheld. Stakeholder shall not disclose Confidential Critical Energy Infrastructure Information to any additional employees, experts, agents or representatives of Stakeholder, unless and until Transmission Owner approves the disclosure and the designated employee, expert, agent or representative is identified on the List of Authorized Recipients.

7.4 Internal Disclosure. An employee, expert, agent or representative may disclose Confidential Critical Energy Infrastructure Information to another employee, expert, agent or representative as long as the disclosing employee, expert, agent or representative and the receiving employee, expert, agent or representative are both identified on the List of Authorized Recipients.

Article 8: Treatment of Confidential Material

Confidential Critical Energy Infrastructure Information shall be clearly marked and protected from unauthorized public disclosure and disclosure to unauthorized employees, experts, agents or representatives of the Stakeholder.

Article 9: Copies

No copies or transcriptions of the Confidential Critical Energy Infrastructure Information shall be made by the Stakeholder except as necessary to make the information available to authorized individuals.

Article 10: Return of Confidential Critical Energy Infrastructure Information

10.1 General. Upon request of Transmission Owner, all original documents and copies of the Confidential Critical Energy Infrastructure Information shall be: 1) returned to Transmission Owner, or 2) destroyed by the holder of such documents.

10.2 Return of Notes. Any Notes maintained by a recipient of Confidential Critical Energy Infrastructure Information which embody or reflect any of the Confidential Transmission Planning Information provided under this Agreement shall, upon request of Transmission Owner, be either returned to Transmission Owner or, at the option of the recipient, destroyed.

Article 11: Accuracy of Information

Stakeholder acknowledges that neither Transmission Owner, nor any of Transmission Owner's agents, employees, or other representatives (including but not limited to ~~the ITO or~~ the Reliability Coordinator), are making any representation or warranty as to the accuracy or completeness of any information furnished to Stakeholder. Neither Transmission Owner nor any of its officers, directors, employees, agents or controlling persons (including, without limitation, parent and subsidiary companies) shall have any liability to Stakeholder, or to any of Stakeholder's agents or other representatives, or any other person, relating to or arising from the use of information provided to Stakeholder by Transmission Owner.

Article 12: Compelled Disclosure.

In the event that Stakeholder becomes legally compelled (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process, or applicable law or regulation) to disclose any Confidential Critical Energy Infrastructure Information, the Stakeholder shall give the Transmission Owner prompt written notice of such requirement prior to releasing such information so that the Transmission Owner may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. The Stakeholder shall cooperate with the Transmission Owner to obtain a protective order. In the event that such protective order or other remedy is not obtained, or that the Transmission Owner waives compliance with the terms hereof, the Stakeholder agrees to provide only that limited portion of the Confidential Critical Energy Infrastructure Information that it is advised by written opinion of counsel is legally required and to exercise best efforts to obtain assurance that confidential treatment will be accorded such information. Upon request of the Transmission Owner, the Stakeholder shall provide such opinion of counsel to the Transmission Owner. Disclosure of Confidential Critical Energy Infrastructure Information by the Transmission Owner to regulatory bodies having jurisdiction over the Transmission Owner will not terminate the confidentiality of the Confidential Critical Energy Infrastructure Information, provided that the Transmission Owner submits the Confidential Critical Energy Infrastructure Information under an appropriate protective order or agreement.

Article 13: Remedies

Each Party acknowledges that any disclosure or misappropriation of Confidential Critical Energy Infrastructure Information by the Stakeholder in violation of this Agreement could cause the Transmission Owner irreparable harm, the amount of which may be extremely difficult to estimate, thus making any remedy at law or in damages inadequate. Therefore, the Stakeholder agrees that the Transmission Owner shall have the right to apply to any court of competent jurisdiction for a restraining order or an injunction restraining or enjoining any breach or threatened breach of this Agreement and for any other equitable relief that the Transmission Owner deems appropriate. This right shall be in addition to any other remedy available to the Parties in law or equity. Stakeholder shall be liable for and shall pay Transmission Owner for any court costs and reasonable attorney's fees incurred in obtaining this and any other remedy under this Agreement.

Article 14: Indemnification

Stakeholder shall indemnify Transmission Owner for any liability to third-parties resulting from the unauthorized disclosure of the Confidential CEII Transmission Planning Information and other Confidential Transmission Planning Information subject to this Agreement by Stakeholder or Stakeholder's employees, experts, agents or representatives to any individual that is not authorized under this Agreement to receive the information. Stakeholder's indemnification of Transmission Owner includes compensation to Transmission Owner for all of Transmission Owner's attorney's fees.

Article 15: Contact Information

Stakeholder shall send its executed Confidentiality Agreement, including Exhibit A and any amended Exhibit A, and all correspondence related to this Confidentiality Agreement to:

E.ON U.S. Services, Inc.
Attn: _____
220 West Main Street
Louisville, KY

The Transmission Owner may, upon notice to Stakeholder, update its contact information at any time during this Agreement.

Article 16: Assignment

This Agreement may only be assigned by a Party with the written consent of the non-assigning Party, which consent shall be at the sole discretion of the non-assigning Party.

Article 17: Amendments

No amendment, modification, and/or discharge of this Agreement, other than that identified in Article 15, shall be valid or binding on the Parties unless made in writing and signed on behalf of each of the Parties by their respective duly authorized officers or representatives.

Article 18: Miscellaneous Provisions

- 18.1 Nothing contained in this Agreement shall require either Party, or the Parties collectively, to commence, continue, or conclude discussions or negotiations or require the execution of any documents or agreements, which action or inaction shall be at the sole discretion of each Party, respectively.
- 18.2 No Party shall issue any press release or make any public statement of any kind that discussions or negotiations are taking place concerning or related to this Agreement without the prior written consent of the other Party, which consent shall be at the sole discretion of said other Party.
- 18.3 This Agreement constitutes the entire understanding and agreement between the Parties hereto with respect to the subject matter hereof and supersedes all previous communications, representations, and understandings, both oral and written, between the Parties with respect to the subject matter of this Agreement.
- 18.4 Nothing herein shall constitute, or be interpreted as creating or constituting any partnership, joint venture or agency relationship between the Parties.
- 18.5 The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the Commonwealth of Kentucky.
- 18.6 If any provision in this Agreement 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 Agreement.
- 18.7 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. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Any waiver of this Agreement shall, if requested, be provided in writing.
- 18.8 The descriptive headings of the various Articles of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

ACCEPTED AND AGREED TO BY:

Stakeholder

E.ON U.S. Services, Inc.

By: _____

By: _____

Date: _____

Date: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT A

List of Authorized Recipients

Stakeholder (_____), its employees, experts, agents, representatives, subject to the Confidentiality Agreement, as of this _____ day of _____, 20__:

Print Name: _____
Title: _____
Business Address: _____
Email Address: _____
Phone Number: _____
Primary Responsibilities: _____

Print Name: _____
Title: _____
Business Address: _____
Email Address: _____
Phone Number: _____
Primary Responsibilities: _____

Print Name: _____
Title: _____
Business Address: _____
Email Address: _____
Phone Number: _____
Primary Responsibilities: _____

Print Name: _____
Title: _____
Business Address: _____
Email Address: _____
Phone Number: _____
Primary Responsibilities: _____

Print Name: _____
Title: _____
Business Address: _____
Email Address: _____
Phone Number: _____
Primary Responsibilities: _____

Appendix 2

Note: Appendix 2 is a 2 page pdf of the Transmission Planning Cycle

Appendix 3

Transmission System Planning Guidelines

As of June 24, 2009, the current version of the Transmission System Planning Guidelines,
is available at:

<http://www.oatiosis.com/LGEE/index.html>

Critical Energy Infrastructure Information Request Form

REQUEST FOR CEII:

Description of information requested: _____

Statement explaining need and intended use of the information:

REQUESTOR INFORMATION:

Requester's Name and Title: _____

Any other names, *e.g.*, maiden name, used by requester and dates used:

Name

Date used

Requester's Address: _____

Requester's Phone: _____

[Request form continued on next page]

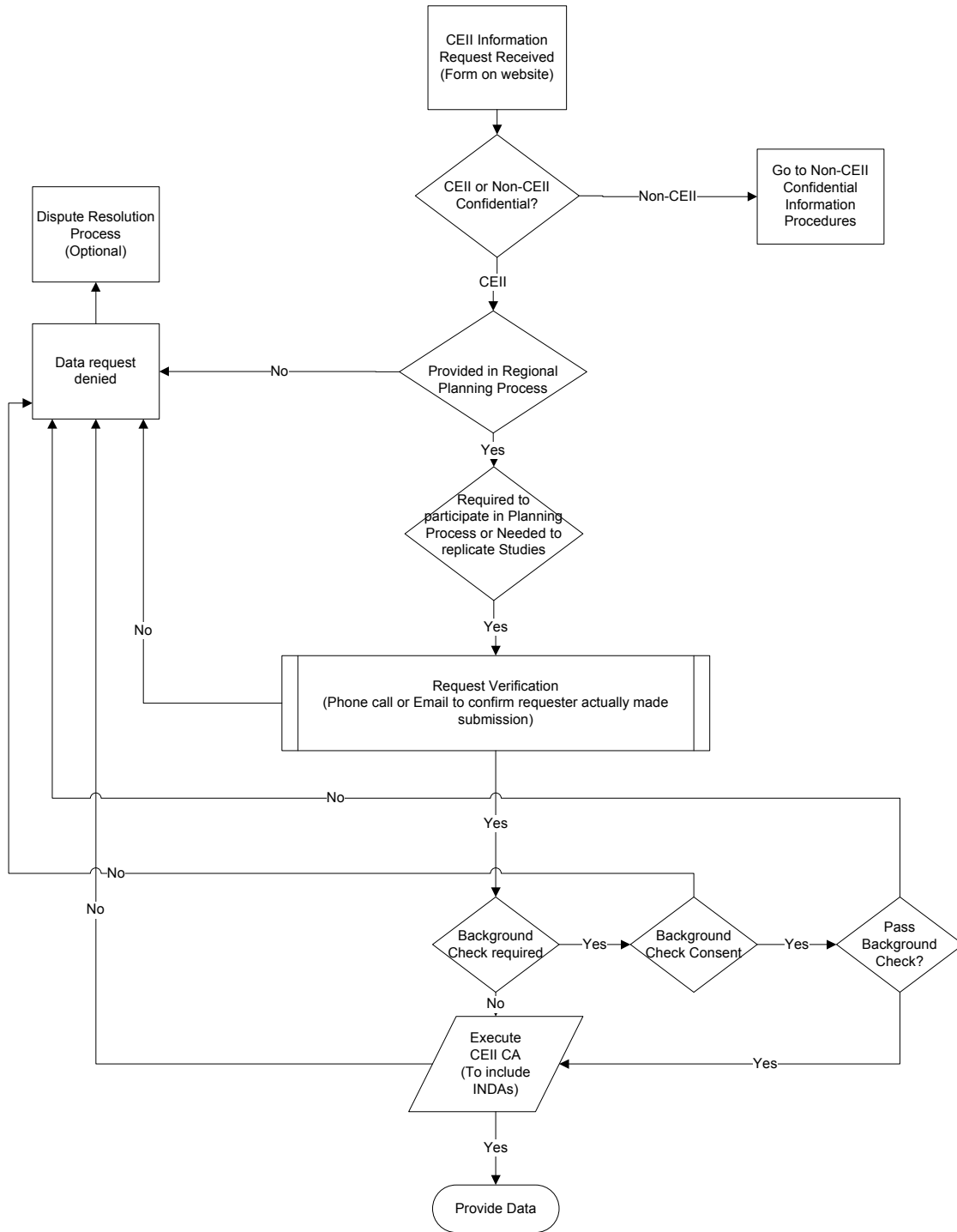
EMPLOYER/CLIENT INFORMATION

Name, address and primary telephone number of Requestor's organization or employer:

Name, address and primary telephone number of entity on whose behalf Requestor is acting (*e.g.*, as agent or consultant):

Business Reference(s):	
Name: _____	Phone #: _____
Name: _____	Phone #: _____

CEII Certification Procedure



Consent to Release Information for Background Investigation

To be completed by CEII Requestor and returned to the SIRPP CEII Coordinator

PERTAINING TO REQUESTOR'S REQUEST TO RECEIVE CEII

Requestor (Your Full Name)	Organization/Employer
-----------------------------------	------------------------------

I (on behalf of myself and as a duly authorized representative of my organization/employer) ("I" or "Requestor"), the undersigned, a stakeholder in Stakeholder Planning Committee ("SPC"), have requested access to critical energy infrastructure information ("CEII"), as defined by the regulations of the Federal Energy Regulatory Commission ("FERC") (see 18 C.F.R. § 388.113), in order to facilitate my participation in the SPC and to replicate SPC transmission planning studies.

In consideration of my being considered eligible to receive any CEII that is likely to be discussed, distributed and/or referenced pertaining to the SPC, and to assist the SPC¹³ in protecting CEII, I hereby willingly and voluntarily consent to a background investigation(s) and to the release of all information necessary for and/or pertaining to my background investigation(s) (including the results thereof) to the SPC, to authorized representatives of the SPC and/or to governmental authorities, as appropriate. In addition, I hereby authorize the SPC and their authorized representatives to procure reports about me (including, but not limited to, Social Security verification, citizenship/visa/green card verification, criminal records and employment verification) from any consumer reporting agency or governmental entity. I further acknowledge and understand that I have a right to request certain information from any consumer reporting agency which provides a report to the SPC, and that I have a right to dispute inaccurate information with the consumer reporting agency.

I hereby release the SPC and their affiliates, agents, officials, representatives, and/or assigned agencies, including officers, employees, and/or related personnel, both individually and collectively, from any and all liability for damages of whatever kind that may at any time be incurred by me, my organization/employer, my heirs, family or associates as a result of my consent to background investigation(s), the use and/or disclosure of my information in any background investigation(s), and/or the disclosure of the results of such investigation(s).

Requestor's Signature

Date

Social Security Number

Date and Place of Birth

Home Mailing Address:

Full Legal Name and Address of
Organization/Employer

Driver's License No. and State Issued

Print or Type All Former Names Used (Including Date of Use):

(1) _____

(2) _____

Previous Residence (7-year history): Address(es), City(ies), State(s) and Country(ies):

(1) _____

(2) _____

(3) _____

List any convictions or pending charges for offenses against the law (other than minor traffic violations), including the charge, date and arresting location:

(1) _____

(2) _____

[If necessary, please use additional sheets to provide additional responses to the questions above.]

Appendix 5 – SIRPP

Southeast Inter-Regional Participation Process

Introduction:

In an effort to more fully address the regional participation principle outlined in the Order 890 Attachment K Tariff requirements and the related guidance contained in the FERC Transmission Planning Process Staff White Paper (dated August 2, 2007), this Southeast Inter-Regional Participation Process expands upon the existing processes for regional planning in the Southeast. This document outlines an inter-regional process among various Southeastern interconnected transmission owners. The inter-regional process described herein is incorporated into each Participating Transmission Owner's¹⁴ planning process and OATT Attachment K (for those transmission owners that have a regulatory requirement to file an Attachment K).

Purpose:

This inter-regional process complements the regional planning processes developed by the Participating Transmission Owners in the Southeast. For the purpose of this document, the term “Southeast Inter-Regional Participation Process” (“SIRPP”) is defined as a new process to more fully address the regional participation principle of Order 890 for multiple transmission systems in the Southeast. The term “Regional Planning Processes” refers to the regional transmission planning processes a Transmission Owner has established within its particular region for Attachment K purposes. Importantly, the Economic Planning Studies discussed herein are hypothetical studies that do not affect the transmission queue for purposes of System Impact Studies, Facilities Studies, or interconnection studies performed under other portions of the OATT.

Current Inter-Regional Planning Process:

Each Southeastern transmission owner currently develops a transmission plan to account for service to its native load and other firm transmission service commitments on its transmission system. This plan development is the responsibility of each transmission planner individually and does not directly involve the Regional Reliability Organization (*e.g.* SERC). Once developed, the Participating Transmission Owners collectively conduct inter-regional reliability transmission assessments, which include the sharing of the individual transmission system plans, providing information on the assumptions and data inputs used in the development of those plans and assessing whether the plans are simultaneously feasible.

Participating Transmission Owners:

¹⁴ The sponsors of the Southeast Inter-Regional Participation Process are referred to as transmission owners, rather than transmission providers, because not all of the sponsors are “Transmission Providers” for purposes of the *pro forma* OATT.

Due to the additional regional planning coordination principles that have been announced in Order 890 and the associated Transmission Planning White Paper, several transmission owners have agreed to provide additional transmission planning coordination, as further described in this document. The “Participating Transmission Owners” are listed on the SIRPP website (<http://www.southeastirpp.com>).

Southeast Inter-Regional Participation Process:

The Southeast Inter-Regional Participation Process is outlined in the attached diagram. As shown in that diagram, this process will provide a means for conducting stakeholder requested Economic Planning Studies across multiple interconnected systems. In addition, this process will build on the current inter-regional, reliability planning processes required by existing multi-party reliability agreements to allow for additional participation by stakeholders.

The established Regional Planning Processes outlined in the Participating Transmission Owners’ Attachment Ks will be utilized for collecting data, coordinating planning assumptions, and addressing stakeholder requested Economic Planning Studies internal to their respective regions. The data and assumptions developed at the regional level will then be consolidated and used in the development of models for use in the Inter-Regional Participation Process. This will ensure consistency in the planning data and assumptions used in local, regional, and inter-regional planning processes.

These established Attachment K processes may also serve as a mechanism to collect requests for inter-regional Economic Planning Studies by a participant’s stakeholders group. The Economic Planning Studies requested through each participant’s Attachment K process that involve impacts on multiple systems between Regional Planning Processes will be consolidated and evaluated as part of the Southeast Inter-Regional Participation Process. Stakeholders will also be provided the opportunity to submit their requests for inter-regional Economic Planning Studies directly to the Inter-Regional process.

The Participating Transmission Owners recognize the importance of coordination with neighboring (external) planning processes. Therefore, seams coordination will take place at the regional level where external regional planning processes adjoin the Southeast Inter-Regional Participation Process (*e.g.* Southeastern Regional Planning Process coordinating with FRCC Regional Planning Process, Entergy coordinating with SPP, TVA coordinating with MISO and PJM, and the North Carolina Transmission Planning Collaborative coordinating with PJM). External coordination is intended to include planning assumptions from neighboring processes and the coordination of transmission enhancements and stakeholder requested Economic Planning Studies to support the development of simultaneously feasible transmission plans both internal and external to the Southeast Inter-Regional Participation Process.

With regard to the development of the stakeholder requested inter-regional Economic Planning Studies, the Participating Transmission Owners will each provide staff (transmission planners) to

serve on the study coordination team. The study coordination team will lead the development of study assumptions (and coordinate with stakeholders, as discussed further below), perform model development, and perform any other coordination efforts with stakeholders and impacted external planning processes. During the study process, the study coordination team will also be responsible for performing analysis, developing solution options, evaluating stakeholder suggested solution options, and developing a report(s) once the study(ies) is completed. Once the study(ies) is completed, the study coordination team will distribute the report(s) to all Participating Transmission Owners and the stakeholders.

With regard to coordinating with stakeholders in the development of the inter-regional Economic Planning Study(ies), in each cycle of the Southeast Inter-Regional Participation Process, the Participating Transmission Owners will conduct three inter-regional stakeholder meetings. The information to be discussed at such meetings will be made available in final draft form for stakeholder review prior to any such meeting by posting on the SIRPP website and/or e-mails to SIRPP Stakeholder Group (“SIRPPSG”) members. The Participating Transmission Owners will use reasonable efforts to make such information available at least 10 calendar days prior to the particular meeting. The Participating Transmission Owners will conduct the “1st Inter-Regional Stakeholder Meeting”, as shown in the attached diagram. At this meeting, a review of all of the Economic Planning Study(ies) submitted through the participants’ Regional Planning Processes or directly to the Inter-Regional process, along with any additional Economic Planning Study requests that are submitted at this 1st meeting, will be conducted. During this meeting, the stakeholders will select up to five studies that will be evaluated within the planning cycle. The study coordination team will coordinate with the stakeholders regarding the study assumptions underlying the identified stakeholder requested inter-regional Economic Planning Study(ies). Through this process, stakeholders will be provided an opportunity to comment and provide input regarding those assumptions. Following that meeting, and once the study coordination team has an opportunity to perform its initial analyses of the inter-regional Economic Planning Study(ies), the Participating Transmission Owners will then conduct the “2nd Inter-Regional Stakeholder Meeting.” At this meeting, the study coordination team will review the results of such initial analysis, and stakeholders will be provided an opportunity to comment and provide input regarding that initial analysis. The study coordination team will then finalize its analysis of the inter-regional study(ies) and draft the Economic Planning Study(ies) report(s), which will be presented to the stakeholders at the “3rd Inter-Regional Stakeholder Meeting.” Stakeholders will be provided an opportunity to comment and provide input regarding the draft report(s). Subsequent to that meeting, the study coordination team will then finalize the report(s), which will be issued to the Participating Transmission Owners and stakeholders.

In addition to performing inter-regional Economic Planning Studies, the Southeast Inter-Regional Participation Process will also provide a means for the Participating Transmission Owners to review, at the Southeast Inter-Regional Participation Process stakeholder meetings, the regional data, assumptions, and assessments that are then being performed on an inter-regional basis.

Southeast Inter-Regional Participation Process Cycle:

The Southeast Inter-Regional Participation Process will be performed annually. Due to the expected scope of the requested studies and size of the geographical region encompassed, the Participating Transmission Owners will perform up to five (5) inter-regional Economic Planning Studies annually, which could encompass both Step 1 and Step 2 evaluations. A Step 1 evaluation will consist of a high level screen of the requested transfer and will be performed during a single year's planning cycle. The high level screen will identify transfer constraints and likely transmission enhancements to resolve the identified constraints. The Participating Transmission Owners will also provide approximate costs and timelines associated with the identified transmission enhancements to facilitate the stakeholders' determination of whether they have sufficient interest to pursue a Step 2 evaluation. Once a Step 1 evaluation has been completed for a particular transfer, the stakeholders have the option to request a Step 2 evaluation for that transfer to be performed during the subsequent year's Inter-Regional Participation Process Cycle. If the stakeholders opt to not pursue Step 2 evaluation for the requested transfer during the subsequent year's Inter-Regional Participation Process Cycle, an Economic Planning Study of that request may be re-evaluated in the future by being submitted for a new Step 1 evaluation. In the event that the stakeholders request a Step 2 evaluation, the Participating Transmission Owners will then perform additional analysis, which may include additional coordination with external processes. The Participating Transmission Owners will then develop detailed cost estimates and timelines associated with the final transmission enhancements. The Step 2 evaluation will ensure that sufficient coordination can occur with stakeholders and among the impacted Participating Transmission Owners. In addition, the Step 2 evaluation will provide sufficient time to ensure that the inter-regional study results are meaningful and meet the needs of the stakeholders.

It is important to note that the Participating Transmission Owners expect that a Step 2 evaluation will be completed prior to interested parties requesting to sponsor transmission enhancements identified in an Economic Planning Study. However, the Participating Transmission Owners will work with stakeholders if a situation develops where interested parties attempt to sponsor projects identified in a Step 1 evaluation and there is a compelling reason (*e.g.* where time is of the essence).

Inter-Regional Cost Allocation:

The cost allocation for Inter-Regional Economic Upgrade projects will be determined in accordance with the cost allocation principle adopted by each Participating Transmission Owner's Regional Planning Process in which each portion of the construction of such upgrades would occur. The cost allocation principle for each SIRPP Regional Planning Process is posted on the SIRPP website. Typically, since Inter-Regional Economic Upgrade projects will likely consist of improvements that will be physically located in the footprints of multiple Regional Planning Processes, this approach means the cost allocation for each part of the Inter-Regional Economic Upgrade project or each project within a set of projects will be governed by the cost allocation principle adopted by the Regional Planning Process in which that part of the project or set is physically located. For example, should an Inter-Regional Economic Upgrade project

consist of a single, 100 mile 500 kV transmission line, with 30 miles physically located in Regional Planning Process “A” and the remaining 70 miles located in Regional Planning Process “B,” then the cost allocation for the 30 miles of 500 kV transmission line located in Regional Planning Process “A” would be governed by that Regional Planning Process’ cost allocation principle, and the cost allocation for the other 70 miles of 500 kV transmission line would be governed by the cost allocation principle of Regional Planning Process “B.” Should an Inter-Regional Economic Upgrade project be physically located entirely within one Regional Transmission Planning process, the costs of the project would be governed by that region’s cost allocation principle.

Inter-Regional Coordination of Economic Transmission Project Development:

Once an Economic Planning Study report has been finalized, multiple stakeholders may be interested in jointly participating in the project development. An Inter-Regional process addressing each such economic upgrade request will be developed that will formalize the process of determining if there is sufficient stakeholder interest to pursue economic project development and the coordination that will be required of the impacted Transmission Owners to support this process. The Participating Transmission Owners and the stakeholders will support this process development activity beginning in 2008.

Stakeholder Participation in the Southeast Inter-Regional Participation Process:

Purpose

The purpose of the SIRPPSG is to provide a structure to facilitate the stakeholders’ participation in the Southeast Inter-Regional Participation Process. Importantly, the SIRPPSG shall have the flexibility to change the “Meeting Procedures” section discussed below but cannot change the Purpose, Responsibilities, Membership, or Data and Information Release Protocol sections absent an appropriate filing with (and order by) FERC to amend the OATT.

Responsibilities

In general, the SIRPPSG is responsible for working with the Participating Transmission Owners on Inter-Regional Economic Planning Study requests so as to facilitate the development of such studies that meet the goals of the stakeholders. The specific responsibilities of this group include:

1. Adherence to the intent of the FERC Standards of Conduct requirements in all discussions.
2. Develop the SIRPPSG annual work plan and activity schedule.
3. Propose and select the Economic Planning Study(ies) to be evaluated (five annually).
 - a. Step 1 evaluations
 - b. Step 2 evaluations
4. The SIRPPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the Economic Planning Study requests are similar in nature and the Participating Transmission Owners conclude that clustering of such requests and studies is appropriate, the Participating Transmission Owners may, following communications with the SIRPPSG, cluster those studies for purposes of the transmission evaluation.

5. Provide timely input on the annual Economic Planning Study(ies) scope elements, including the following:
 - a. Study Assumptions, Criteria and Methodology
 - b. Case Development and Technical Analysis
 - c. Problem Identification, Assessment and Development of Solutions (including proposing alternative solutions for evaluation)
 - d. Comparison and Selection of the Preferred Solution Options
 - e. Economic Planning Study Results Report.
6. Providing advice and recommendations to the Participating Transmission Owners on the Southeast Inter-Regional Participation Process.

Membership

The SIRPPSG membership is open to any interested party.

Meeting Procedures

The SIRPPSG may change the Meeting Procedures criteria provided below pursuant to the voting structure in place for the SIRPPSG at that time. The currently effective Meeting Procedures for the SIRPPSG shall be provided to the Participating Transmission Owners to be posted on the SIRPP website and shall become effective once posted on that website (<http://www.southeastirpp.com>), which postings shall be made within a reasonable amount of time upon receipt by the Transmission Owners. Accordingly, the following provisions contained under this Meeting Procedures heading provide a starting-point structure for the SIRPPSG, which the SIRPPSG shall be allowed to change.

Meeting Chair

A stakeholder-elected member of the SIRPPSG will chair the SIRPPSG meetings and serve as a facilitator for the group by working to bring consensus within the group. In addition, the duties of the SIRPPSG chair will include:

1. Developing mechanisms to solicit and obtain the input of all interested stakeholders related to inter-regional Economic Planning Studies.
2. Ensuring that SIRPPSG meeting notes are taken and meeting highlights are posted on the SIRPP website (<http://www.southeastirpp.com>) for the information of the participants after all SIRPPSG meetings.

Meetings

Meetings of the SIRPPSG shall be open to all SIRPPSG members interested in inter-regional Economic Planning Studies across the respective service territories of the Participating Transmission Owners. There are no restrictions on the number of people attending SIRPPSG meetings from any interested party.

Quorum

Since SIRPPSG membership is open to all interested parties, there are no quorum requirements for SIRPPSG meetings.

Voting

In attempting to resolve any issue, the goal is for the SIRPPSG to develop consensus solutions. However, in the event consensus cannot be reached, voting will be conducted with each SIRPPSG member's organization represented at the meeting (either physically present or participating via phone) receiving one vote. The SIRPPSG chair will provide notices to the SIRPPSG members in advance of the SIRPPSG meeting that specific votes will be taken during the SIRPPSG meeting. Only SIRPPSG members participating in the meeting will be allowed to participate in the voting (either physically present or participating via phone). No proxy votes will be allowed. During each SIRPP cycle, the SIRPPSG members will propose and select the inter-regional Economic Planning Studies that will be performed during that particular SIRPP cycle. The SIRPPSG will annually select up to five (5) inter-regional Economic Planning Studies, including both Step 1 evaluation(s) and any Step 2 evaluations, with any such Step 2 evaluations being performed for the previous years Step 1 studies for the pertinent transfers. Each organization represented by their SIRPPSG members will be able to cast a single vote for up to five Economic Planning Studies that their organization would like to be studied within the SIRPP cycle. If needed, repeat voting will be conducted until there are clear selections for the five Economic Planning Studies to be conducted.

Meeting Protocol

In the absence of specific provisions in this document, the SIRPPSG shall conduct its meetings guided by the most recent edition of *Robert's Rules of Order, Newly Revised*.

Data and Information Release Protocol

SIRPPSG members can request data and information that would facilitate their ability to replicate the SIRPP inter-regional Economic Planning studies while ensuring that CEII and other confidential data is protected.

CEII Data and Information

SIRPPSG members may be certified to obtain CEII data used in the SIRPP by following the confidentiality procedures posted on the SIRPP website (*e.g.*, making a formal request for CEII, authorizing background checks, executing the SIRPP CEII Confidentiality Agreement, etc.). The SIRPP Participating Transmission Owners reserve the discretionary right to waive the certification process, in whole or in part, for anyone that the SIRPP Participating Transmission Owners deem appropriate to receive CEII. The SIRPP Participating Transmission Owners also reserve the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the SIRPP dispute resolution procedures set forth below.

Non-CEII Confidential Information

The Participating Transmission Owners will make reasonable efforts to preserve the confidentiality of information that is confidential but not CEII in accordance with the provisions of the Tariff and the requirements of (and/or agreements with) NERC and/or SERC, as well as any agreements with the other Participating Transmission Owners and any other contractual or legal confidentiality requirements.

Without limiting the applicability of the foregoing, to the extent confidential non-CEII information is provided in the transmission planning process and is needed to participate in the transmission

planning process and/or to replicate transmission planning studies, it will be made available to those SIRPPSG members who have executed the SIRPP non-CEII Confidentiality Agreement, which is posted on the SIRPP website. , Importantly, if information should prove to contain both confidential non-CEII information and CEII, then the requirements of both this section and the previous section would apply.

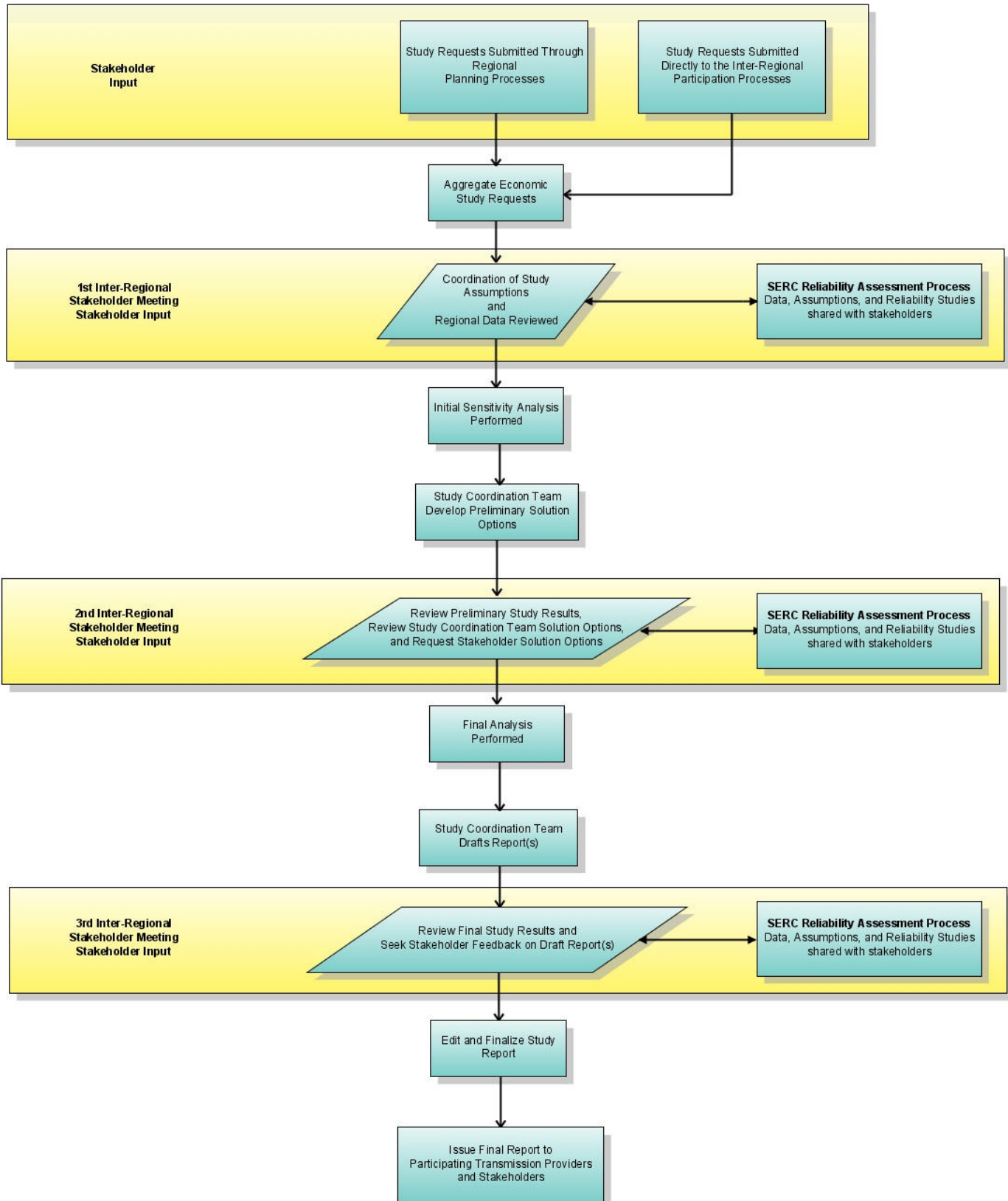
Dispute Resolution

Any procedural or substantive dispute between a stakeholder and a Participating Transmission Owner that arises from the SIRPP will be addressed by the Participating Transmission Owner's dispute resolution procedures in its respective Regional Planning Process. In addition, should the dispute only be between stakeholders with no Participating Transmission Owner involved (other than its ownership and/or control of the underlying facilities), the stakeholders will be encouraged to utilize the Commission's alternative means of dispute resolution.

Should dispute resolution proceedings be commenced in multiple Regional Planning Processes involving a single dispute among multiple Participating Transmission Owners, the affected Participating Transmission Owners, in consultation with the affected stakeholders, agree to use reasonable efforts to consolidate the resolution of the dispute such that it will be resolved by the dispute resolution procedures of a single Regional Planning Process in a single proceeding. If such a consensus is reached, the Participating Transmission Owners agree that the dispute will be addressed by the dispute resolution procedures of the selected Regional Transmission Planning Process.

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

Southeast Inter-Regional Participation Process Diagram:



Appendix 6 – Economic Planning Study Agreement

Name of Project:
Reservation (if any):
Date Request sent to Transmission Owner:

Entity making request:

Responsible party marking request:

Phone: _____ Fax: _____ Email: _____

Nature of Request:
Service Type: _____ Firm: _____

POR: _____ POD: _____
SOURCE: _____ SINK: _____
Transaction Period: _____

Pursuant to Attachment K of the LG&E/KU Open Access Transmission Tariff, any stakeholder may request that the Transmission Owner perform or cause to be performed (by the Transmission Owner or a third party [at the Transmission Owner's option](#)) an economic planning study. This Agreement shall be signed and returned to the Transmission Owner within **15 days** in order for the economic planning study request to remain valid.

1. The performance of an economic planning study is for evaluation purposes only. The Transmission Owner is under no obligation to build any network additions or upgrades identified by an economic planning study.
2. The economic planning study will analyze the request based on the existing state of the system, as comprised by the base case and the Transmission Expansion Plan ~~(as approved by SPP)~~ for the year in which the study request is made. The Transmission Owner shall perform the economic planning study requested herein to the extent it has the data necessary to do so. The Transmission Owner may solicit the requesting stakeholder(s) or the Transmission Owner's Load Serving Entity for additional information and data necessary to perform the requested economic planning study, but only to the extent that such data is publicly available.
3. The economic planning study shall be completed within ___ days of return of this signed Agreement. In the event the economic planning study is not completed within ___ days, the requesting stakeholder will be notified of the estimated completion date and provided an explanation of the delay.
4. The requesting entity shall pay the Transmission Owner a fee of \$ _____ (_____ dollars), which must be paid before the economic planning study can commence.

I agree to the terms and conditions of this Economic Planning Study Agreement and authorize the Transmission Owner to proceed with the Economic Planning Study.

(Signature and Title)

(Date)

Accepted by the Transmission Owner:

(Signature and Title)

(Date)

This Economic Planning Study Agreement should be returned executed via fax for time-stamp to Transmission Owner at [_____]. An executed hard copy should also be mailed to:

Additional details regarding the Economic Planning Study should be coordinated through [_____] at [Phone].

This agreement completed by:
Title:

Date:
Phone:

ATTACHMENT L

~~Creditworthiness Procedures~~ CREDITWORTHINESS PROCEDURES

1 OVERVIEW

- 1.1 For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the Transmission Owner may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices and shall specify quantitative and qualitative criteria to determine the level of secured and unsecured credit
- 1.2 Credit review procedures and determinations will be undertaken on an objective and not unduly discriminatory basis.
- 1.3 Rules, standards, and practices related to credit determination procedures that do not significantly affect transmission service may be found on the Transmission Owner's OASIS along with other information that relates to transmission service. This Attachment L provides only a summary of credit requirements and other information.

2 Credit Review Procedures

2.1 Initiating a credit review.

- 2.1.1 For the purpose of determining the creditworthiness of a Transmission Customer, the Transmission Owner may initiate credit review procedures.
- 2.1.2 Upon receipt, or during the evaluation of a request for service, the Transmission Owner may conduct an initial credit evaluation of the Transmission Customer's ability to meet the creditworthiness criteria set forth in Section 3 of this Attachment L.
- 2.1.3 The Transmission Owner shall review the Transmission Customer's credit not less than annually, utilizing the criteria set forth in Section 3 of this Attachment L. In addition, if a Transmission Customer experiences a material change in financial status, the Transmission Owner shall review the Transmission Customer's credit utilizing the criteria set forth in Section 3 of this Attachment L. A material change in financial status includes, but is not limited to: a downgrade of long or short-term debt rating by a major bond rating agency; being placed on a credit watch with negative implications by a major credit rating agency; a bankruptcy filing; any action requiring filing of a Form 8-K; insolvency; a report of a significant quarterly loss or decline in earnings; the resignation of key officer(s); and the issuance of a regulatory order or the filing of a lawsuit that could materially adversely impact current or future financial results.

2.1.4 A credit review may be conducted by the Transmission Owner on a periodic basis or following a reported change in the creditworthiness of the Transmission Customer.

2.2 Credit review procedure. Credit review procedures may be undertaken by Transmission Owner's employees or by others at the Transmission Owner's direction. The Transmission Owner shall utilize reasonable methods to evaluate Transmission Customer's creditworthiness under the criteria provided in Section 3 of this Attachment L.

3 Credit Determination Criteria

3.1 Unsecured Credit Limit.

The Transmission Owner shall not extend unsecured credit to a Transmission Customer in an amount greater than the Unsecured Credit Limit, even if the Transmission Customer otherwise meets the criteria for a higher unsecured credit amount. The Unsecured Credit Limit is \$1 million less all unsecured credit extended to Transmission Customer by Louisville Gas and Electric Company, Kentucky Utilities Company, and their affiliates for all services of any nature. Notwithstanding anything to the contrary in this Attachment L, the Transmission Owner shall not extend unsecured credit to a Transmission Customer in an amount greater than \$1 million.

3.2 Criteria regarding determination of unsecured credit amounts.

A Transmission Customer that meets the following credit requirements will not be required to provide security to the Transmission Owner up to the established Unsecured Credit Limit. A Transmission Customer that does not meet the following credit requirements, or that wishes to obtain service exceeding the established Unsecured Credit Limit, must provide security consistent with Section 4 below. These requirements include the following:

- (i) The Transmission Customer is not in default of its payment obligations under Part I, Section 7.3 of the Transmission Owner's Open Access Transmission Tariff ("OATT"); and
- (ii) It meets one of the following criteria:
 - a. The Transmission Customer has been in business at least one year and has a credit rating of at least Baa2 (Moody's) or BBB (Standard & Poor's); or
 - b. The Transmission Customer has been in business at least one year, and provides its most recent audited financial statements to the Transmission Owner which demonstrates that the Transmission Customer meets standards that are at least equivalent to the

standards underlying the credit ratings of Baa2 (Moody's) or BBB (Standard and Poor's). Privately held and/or non rated public entities will be reviewed in a manner consistent with producing a credit rating equivalent to the Moody's and/or Standard and Poor's credit rating. In addition, the following criteria will be considered, such as management discussion, industry trends and analysis, outside litigation, and other information determined to be relevant by the Transmission Owner. The Transmission Owner may determine that the Transmission Customer satisfies the requirements of this paragraph but that relevant factors justify establishment of an unsecured credit amount less than the Unsecured Credit Limit; or

- c. The Transmission Customer is a borrower from the Rural Utilities Service ("RUS") and has a Times Interest Earned Ratio of 1.10x or better and a Debt Service Coverage Ratio of 1.10x or better in the most recent calendar year, or is maintaining the Times Interest Earned Ratio and Debt Service Coverage Ratio as established in the Transmission Customer's RUS Mortgage; provided, however, that the Transmission Customer shall provide the Transmission Owner with such supporting detail related to the calculation of such ratios as the Transmission Owner shall reasonably request; or
- d. The Transmission Customer's parent company (the "Guarantor") meets the criteria set out in (i) and (ii)(a), (b) or (c) above, and the Guarantor provides a written guarantee (in a form acceptable to the Transmission Owner), that the parent company will be unconditionally responsible for all financial obligations associated with the Transmission Customer's receipt of transmission service.

3.3 Communication of credit level determinations and collateral requirements by Transmission Owner and contest of credit level determinations and collateral requirements.

3.3.1 Communications of credit determinations and collateral requirements by Transmission Owner. An initial credit determination will be communicated to the Transmission Customer within five business days following the determination. All changes in credit levels and collateral requirements will be communicated to the Transmission Customer at least ten business days prior to the time that such change becomes effective.

3.3.2 Provision of written explanation of change in credit levels and collateral requirements by Transmission Owner. At least nine business days prior to the time that such changes are to become effective, an affected Transmission Customer may request a written explanation from the Transmission Owner for any change in credit levels or collateral

requirements. Such a written explanation will be communicated by the Transmission Owner to the Transmission Customer within two business days of the request.

3.3.3 Contest of determination of credit levels or collateral requirements. At least five business days prior to the time that such changes are to become effective, an affected Transmission Customer may contest any change in credit levels or collateral requirements. Such contest must be submitted in writing and contain all facts upon which the Transmission Customer relies to support its request for credit or revised collateral requirements.

4 Requirements for Non-Creditworthy Customers:

A Transmission Customer that does not meet the credit standards set out in Section 3 above, or meets those credit standards set out in Section 3 above but requires additional credit from the Transmission Owner in excess of the established Unsecured Credit Limit, shall comply with one of the following:

- (i) Not less than five days prior to the commencement of service, the Transmission Customer shall provide in a form acceptable to the Transmission Owner, an unconditional and irrevocable standby letter of credit issued by a financial institution rated at least A- by S&P with greater than \$10 billion in assets (or an alternative form of security approved in writing by the Transmission Owner), which letter of credit (or other approved security) that is equal to the lesser of the total charge for service or the charge for 90 days of service; or
- (ii) For service of one month or less, the Transmission Customer shall pay the total charge for service by the later of five business days prior to the commencement of service or the time when it makes the request for transmission service; or
- (iii) For service of greater than one month, the Transmission Customer shall pay for each month's service not less than five business days prior to the beginning of the month. For Network Integration Transmission Service customers, the advance payment for each month shall be based on a reasonable estimate by the Transmission Owner of the charge for that month.

5 Changes in Creditworthiness Status:

If (a) a Transmission Customer or the Guarantor, if any, meets the credit requirements of Section 3.2 at the time of a credit evaluation but subsequently fails to meet those requirements at any time after it requests transmission service but before the termination of that service or (b) the Transmission Customer or the Guarantor, if any, suffers a material adverse change in creditworthiness in the opinion of the Transmission Owner, then the Transmission Customer shall, within three business days of notification by the Transmission Owner, either prepay for the next 30 days of transmission service or provide an unconditional and irrevocable letter of credit meeting the standards noted in Section 4 (i)

above (or an alternative form of security approved by the Transmission Owner in writing) in an amount equal to the charge for the next 30 days of transmission service.

6 Suspension of Service

Notwithstanding any other provisions of this Tariff, if a Transmission Customer fails to provide the entirety of required financial assurances when due under this Attachment L, the Transmission Owner may suspend Transmission Service to such Transmission Customer thirty-five (35) days after Transmission Owner's notification to such Transmission Customer as provided below. The Transmission Owner shall provide at least thirty (30) days notice to FERC before suspending Transmission Service pursuant to this provision.

The Transmission Owner shall provide notice to the Transmission Customer that it must provide any required financial assurances by the deadline specified in the notice, and that the Transmission Owner may take corrective actions, including suspension of service pursuant to this Section 6 if the Transmission Customer fails to provide the required financial assurance by the specified deadline(s). Any notices sent to the Transmission Customer and to the Commission pursuant to this Attachment L may be sent concurrently.

The suspension of service under this Section 6 shall continue only for as long as the circumstances that entitle the Transmission Owner to suspend service continue. A Transmission Customer is not obligated to pay for Transmission Service that is not provided as a result of suspension of service.

ATTACHMENT M
STANDARD LARGE GENERATOR
INTERCONNECTION PROCEDURES (LGIP)

including

STANDARD LARGE GENERATOR

INTERCONNECTION AGREEMENT (LGIA)

(Applicable to Generating Facilities that exceed 20 MW)

TABLE OF CONTENTS

		Page No.
Section 1.	Definitions	182
Section 2.	Scope and Application.....	189
2.1	Application of Standard Large Generator Interconnection Procedures.....	189
2.2	Comparability	189
2.3	Base Case Data	190
2.4	No Applicability to Transmission Service	190
Section 3.	Interconnection Requests.....	190
3.1	General	190
3.2	Identification of Types of Interconnection Services	190
3.3	Valid Interconnection Request	192
3.4	OASIS Posting.....	193
3.5	Coordination with Affected Systems.....	194
3.6	Withdrawa Withdrawal	194
Section 4.	Queue Position.....	195
4.1	General	195
4.2	Clustering	195
4.3	Transferability of Queue Position	196
4.4	Modifications.....	196
Section 5.	Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Generator Interconnection Procedures	197
5.1	Queue Position for Pending Requests	197
5.1.1	203	198
5.1.2	Transition Period	198
5.2	New Independent Transmission Organization	198
Section 6.	Interconnection Feasibility Study	199
6.1	Interconnection Feasibility Study Agreement.....	199
6.2	Scope of Interconnection Feasibility Study.....	200
6.3	Interconnection Feasibility Study Procedures	200
6.4	Re-Study	201
Section 7.	Interconnection System Impact Study.....	201
7.1	Interconnection System Impact Study Agreement	201
7.2	Execution of Interconnection System Impact Study Agreement.....	201
7.3	Scope of Interconnection System Impact Study.....	202
7.4	Interconnection System Impact Study Procedures	202
7.5	Meeting with HQ the Transmission Owner	203
7.6	Re-Study	203
Section 8.	Interconnection Facilities Study	203
8.1	Interconnection Facilities Study Agreement	203
8.2	Scope of Interconnection Facilities Study	204
8.3	Interconnection Facilities Study Procedures	204
8.4	Meeting with HQ the Transmission Owner	205
8.5	Re-Study	205
Section 9.	Engineering & Procurement (<u>"E&P"</u>) Agreement.....	205

Section 10.	Optional Interconnection Study.....	206
10.1	Optional Interconnection Study Agreement.....	206
10.2	Scope of Optional Interconnection Study.....	206
10.3	Optional Interconnection Study Procedures.....	207
Section 11.	Standard Large Generator Interconnection Agreement (LGIA).....	207
11.1	Tender.....	207
11.2	Negotiation.....	207
11.3	Execution and Filing.....	208
11.4	Commencement of Interconnection Activities.....	208
Section 12.	Construction of Transmission Owner's Interconnection Facilities and Network Upgrades.....	209
12.1	Schedule.....	209
12.2	Construction Sequencing.....	209
12.2.1	General.....	209
Section 13.	Miscellaneous.....	210
13.1	Confidentiality.....	210
13.1.1	Scope.....	211
13.1.2	Release of Confidential Information.....	211
13.1.3	Rights.....	211
13.1.4	No Warranties.....	211
13.1.5	Standard of Care.....	212
13.1.6	Order of Disclosure.....	212
13.1.7	Remedies.....	212
13.1.8	Disclosure to FERC, its Staff, or a State.....	212
13.2	Delegation of Responsibility.....	213
13.3	Obligation for Study Costs.....	214
13.4	Third Parties Conducting Studies.....	214
13.5	Disputes.....	215
13.5.1	Submission.....	215
13.5.2	External Arbitration Procedures.....	215
13.5.3	Arbitration Decisions.....	216
13.5.4	Costs.....	216
13.6	Local Furnishing Bond.....	216
13.6.1	Transmission Owners That Own Facilities Financed by Local Furnishing Bonds.....	216
13.6.2	Alternative Procedures for Requesting Interconnection Service.....	216

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 ~~HO~~, 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 ~~HTO~~ Transmission Owner, 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.~~

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 its~~ 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 ~~IHO~~ [Transmission Owner](#) 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 IHO 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, and 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 ~~HO~~, 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 ~~HO~~ Transmission Owner.

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 the Amended Reliability Coordinator Agreement attached hereto as Attachment P hereto Q.

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and ~~HO~~ the Transmission Owner 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, controlled 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~~Transmission Owner shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. ~~ITO~~Transmission Owner 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~~Transmission Owner 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~~Transmission Owner 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~~Transmission Owner an Interconnection Request in the form of Appendix 1 to this LGIP and a refundable deposit of \$10,000. ~~ITO~~Transmission Owner 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, ~~HO~~ Transmission Owner 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.

~~HO~~Transmission Owner must conduct the necessary studies ~~in coordination with the Transmission Owner and the Transmission Owner must~~and 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 ~~HO~~the Transmission Owner'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 ~~HO~~Transmission Owner may also study the Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the ~~HO~~Transmission Owner 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 nonrefundable.

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 ~~HTO~~[the Transmission Owner](#)'s expansion planning period not to exceed seven years from the date the Interconnection Request is received by ~~HTO~~[the Transmission Owner](#), 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 ~~HTO~~[Transmission Owner](#)'s planning period. The In-Service Date may succeed the date the Interconnection Request is received by ~~HTO~~[the Transmission Owner](#) by a period up to ten years or longer where Interconnection Customer and ~~HTO~~[the Transmission Owner](#) agree, such agreement not to be unreasonably withheld.

3.3.2 Acknowledgment of Interconnection Request.

~~HTO~~[Transmission Owner](#) 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 ~~HTO~~[the Transmission Owner](#). If an Interconnection Request fails to meet the requirements set forth in Section 3.3., ~~HTO~~[the Transmission Owner](#) 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 ~~HTO~~[the Transmission Owner](#) 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, ~~HFO~~Transmission Owner 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. ~~HFO~~The Transmission Owner 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. ~~HFO~~The Transmission Owner 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.

~~HFO~~Transmission Owner will maintain on ~~the Transmission Owner's~~its OASIS a list of all Interconnection Requests. The list will identify, for each Interconnection Request: (i) the maximum summer and winter megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected In-Service Date; (v) the status of the Interconnection Request, including Queue Position; (vi) the type of Interconnection Service being requested; and (vii) the availability of any studies related to the Interconnection Request; (viii) the date of the Interconnection Request; (ix) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (x) for Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed. Except in the case of an Affiliate of the Transmission Owner, the list will not disclose the identity of Interconnection Customer until Interconnection Customer executes an LGIA or requests that ~~HFO~~the Transmission Owner file an unexecuted LGIA with FERC. Before holding a Scoping Meeting with ~~an~~its Affiliate ~~of~~the Transmission Owner, ~~HFO~~ shall post on ~~the Transmission Owner's~~its OASIS an advance notice of its intent to do so. ~~HFO~~ shall post to ~~the~~The Transmission Owner's shall post to its OASIS site any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to Transmission Owner's OASIS site subsequent to the meeting between Interconnection Customer and ~~HFO~~the Transmission Owner to discuss the applicable study results. ~~HFO~~The Transmission

Owner shall also post any known deviations in the Large Generating Facility's In-Service Date.

3.5 Coordination with Affected Systems.

~~ITO~~The Transmission Owner 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~~The Transmission Owner will include such Affected System Operators in all meetings held with Interconnection Customer as required by this LGIP.

Interconnection Customer will cooperate with ~~ITO~~the Transmission Owner 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~~Transmission Owner 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~~the Transmission Owner. In addition, if Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in Section 13.5 (Disputes), ~~ITO~~the Transmission Owner 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~~the Transmission Owner 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~~the Transmission Owner all costs that ~~ITO~~the Transmission Owner prudently incurs with respect to that Interconnection Request prior to ~~ITO's~~the Transmission Owner receipt of notice described above. Interconnection Customer must pay all monies due to ~~ITO~~the Transmission Owner 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 shall (i) update its 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~~Transmission Owner has incurred, including interest calculated in accordance

with 18 CFR § 35.19a(a)(2). In the event of such withdrawal, ~~HO~~the Transmission Owner, subject to the confidentiality provisions of Section 13.1, shall provide, at Interconnection Customer's request, all information that ~~HO~~the Transmission Owner developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

Section 4. Queue Position

4.1 General.

~~HO~~The Transmission Owner 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 ~~HO~~the Transmission Owner 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.

~~HO~~The Transmission Owner may allocate the cost of the common upgrades for clustered Interconnection Requests without regard to Queue Position.

4.2 Clustering.

At ~~HO~~the Transmission Owner'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 ~~HO~~the Transmission Owner 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. ~~HO~~The Transmission Owner 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 ~~HO~~[the Transmission Owner](#), 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 ~~HO~~[the Transmission Owner](#) 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 ~~HO~~[the Transmission Owner](#) and Interconnection Customer, such acceptance not to be unreasonably withheld, ~~HO~~[the Transmission Owner](#) 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 ~~HO~~[the Transmission Owner](#), 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 ~~HO~~[the Transmission Owner](#), 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 ~~I~~the Transmission Owner evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, ~~I~~the Transmission Owner 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, 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, ~~I~~the Transmission Owner shall commence and perform any necessary additional studies as soon as practicable, but in no event shall ~~I~~the Transmission Owner commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. ~~I~~TO 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, ~~HO~~[the Transmission Owner](#) must offer Interconnection Customer the option of either continuing under ~~HO~~[the Transmission Owner](#)'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, ~~HO~~[the Transmission Owner](#) 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 ~~HO~~[the Transmission Owner](#); (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 ~~HO~~[the Transmission Owner](#) 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~~the Transmission Owner 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~~the Transmission Owner's receipt of such designation, ~~ITO~~the Transmission Owner shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement signed by ~~ITO~~the Transmission Owner, which includes a good faith estimate of the cost for completing the Interconnection Feasibility Study. Interconnection Customer shall execute and deliver to ~~ITO~~the Transmission Owner 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~~the Transmission Owner, 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~~the Transmission Owner, 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~~the Transmission Owner 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~~the Transmission Owner agree to forgo the Interconnection Feasibility Study, ~~ITO~~the Transmission Owner 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.

~~IFO~~ Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. ~~IFO~~ Transmission Owner shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than forty-five (45) Calendar Days after ~~IFO~~ it receives the fully executed Interconnection Feasibility Study Agreement. At the request of Interconnection Customer or at any time ~~IFO~~ the Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, ~~IFO~~ the Transmission Owner shall notify Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If ~~IFO~~ the Transmission Owner 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, ~~IFO~~ the Transmission Owner 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 ~~IFO~~ the Transmission Owner.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to Interconnection Customer, ~~IFO~~ the Transmission Owner ~~and~~ 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, ~~HO~~the Transmission Owner 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, the~~ Transmission Owner, ~~HO~~ 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 ~~HO~~the Transmission Owner for the actual cost of the Interconnection System Impact Study. Within three (3) Business Days following the Interconnection Feasibility Study results meeting, ~~HO~~the Transmission Owner shall provide to Interconnection Customer ~~and Transmission Owner~~ a nonbinding 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 ~~HO~~the Transmission Owner 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, ~~HO~~the Transmission Owner 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, ~~HO~~, or Transmission Owner, and acceptable to the other ~~parties~~party, 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 ~~HO~~the Transmission Owner 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

~~HO~~The Transmission Owner 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. ~~HO~~The Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. ~~HO~~The Transmission Owner 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 ~~HO~~the Transmission Owner uses Clustering, ~~HO~~the Transmission Owner 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 ~~HO~~the Transmission Owner determines that it will not meet the required time frame for completing the Interconnection System Impact Study, ~~HO~~the Transmission Owner shall notify Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If ~~HO~~the Transmission Owner 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, ~~HO~~ the Transmission Owner 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 ~~HO~~ the Transmission Owner.

Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, ~~HO~~, 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 ~~HO~~ the Transmission Owner 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, the~~ Transmission Owner, ~~HO~~ 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 ~~HO~~ the Transmission Owner for the actual cost of the Interconnection Facilities Study. Within three (3) Business Days following the Interconnection System Impact Study results meeting, ~~HO~~ the Transmission Owner 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 ~~HO~~ the Transmission Owner 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 ~~HO~~ The Transmission Owner 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. ~~HO~~ The

Transmission Owner 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.**

~~HO~~The Transmission Owner shall coordinate the Interconnection Facilities Study with any Affected System ~~and Transmission Owner~~ pursuant to Section 3.5 above. ~~HO~~The Transmission Owner shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. ~~HO~~The Transmission Owner 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 ~~HO~~the Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Facilities Study, ~~HO~~the Transmission Owner shall notify Interconnection Customer ~~and Transmission Owner~~ as to the schedule status of the Interconnection Facilities Study. If ~~HO~~the Transmission Owner 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 ~~HO~~the Transmission Owner, which ~~HO~~the Transmission Owner shall include in the final report. ~~HO~~The Transmission Owner 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. ~~HO~~The Transmission Owner may reasonably extend such

fifteen-day period upon notice to Interconnection Customer if Interconnection Customer's comments require ~~HO~~the Transmission Owner to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, ~~HO~~the Transmission Owner 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 ~~HO~~the Transmission Owner.

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, ~~HO~~Transmission Owner and 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, ~~HO~~the Transmission Owner 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 ~~HO~~the Transmission Owner shall offer the Interconnection Customer, an E&P Agreement that authorizes ~~HO~~ ~~in coordination with~~the 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, ~~HO~~, and the Transmission Owner. However, ~~HO~~the Transmission Owner 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, ~~HTO or~~ Transmission Owner may elect: (i) to take title to the equipment, in which event ~~HTO 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 ~~HTO the~~ Transmission Owner shall perform a reasonable number of Optional Studies. The request shall describe the assumptions that Interconnection Customer wishes ~~HTO the Transmission Owner~~ 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, ~~HTO the Transmission Owner~~ 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) ~~HTO the Transmission Owner~~'s estimate of the cost of the Optional Interconnection Study. To the extent known by ~~HTO the~~ Transmission Owner, 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, ~~HTO the~~ Transmission Owner 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 ~~HTO the~~ Transmission Owner.

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. ~~IPO~~The Transmission Owner 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. ~~IPO~~The Transmission Owner 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 ~~IPO~~the Transmission Owner within ten (10) Business Days of Interconnection Customer receipt of the Optional Interconnection Study Agreement. ~~IPO~~The Transmission Owner 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 ~~IPO~~the Transmission Owner 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 ~~IPO~~the Transmission Owner or refunded to Interconnection Customer, as appropriate. Upon request, in addition to furnishing copies of the draft and final versions of the Optional Studies, ~~IPO~~the Transmission Owner 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, ~~IPO~~the Transmission Owner 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 ~~IPO and~~the 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. ~~IPO~~, 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. ~~IPO~~The Transmission Owner 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 ~~IPO~~the Transmission Owner (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 ~~IPO~~the Transmission Owner; or (ii) request in writing that ~~IPO~~the Transmission Owner 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, ~~IPO~~the Transmission Owner shall file the LGIA with FERC, together with its explanation of any matters as to which Interconnection Customer and ~~IPO and/or~~ Transmission Owner disagree and support for the costs that ~~IPO~~the Transmission Owner proposes to charge to Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by ~~IPO 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, ~~I/O~~ 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, ~~and~~ Transmission Owner ~~and I/O~~ 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.

~~I/O~~ Transmission Owner 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~~ 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 ~~I/O~~ the Transmission Owner 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, ~~I/O, 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 ~~I/O~~ the Transmission Owner: (i) any associated expediting costs and (ii) the cost of such Network Upgrades.

~~I/O~~ The Transmission Owner 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 ~~HO~~the Transmission Owner 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. ~~HO~~The Transmission Owner 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. ~~HO~~The Transmission Owner 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 ~~HO~~Transmission Owner.

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that ~~HO~~the Transmission Owner 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 ~~HO~~the Transmission Owner involving ~~Transmission Owner's~~sits facilities, in time to support such In-Service Date. Upon such request, ~~HO~~the Transmission Owner 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 ~~HO~~the Transmission Owner 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

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 ~~FO~~The Transmission Owner 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.

~~I/O~~ or Transmission Owner may use the services of subcontractors as it deems appropriate to perform its obligations under this LGIP. ~~I/O~~ 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.**

~~I/O~~ The Transmission Owner 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. ~~I/O~~ The Transmission Owner 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 I/O 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 ~~I/O~~ the Transmission Owner 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 ~~I/O~~ the Transmission Owner to utilize a third party consultant reasonably acceptable to Interconnection Customer and ~~I/O~~ the Transmission Owner to perform such Interconnection Study under the direction of ~~I/O~~ the Transmission Owner. At other times, ~~I/O~~ the Transmission Owner 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 ~~I/O~~ 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 ~~I/O~~ the Transmission Owner's

progress on Interconnection Studies for other pending Interconnection Requests. In cases where Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, Interconnection Customer, and Transmission 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~~ The Transmission Owner 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~~ the Transmission Owner 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~~ 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~~ 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, ~~HO~~ the Transmission Owner 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~~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 ~~HO~~the Transmission Owner 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 ~~HO~~[the Transmission Owner](#)]

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} ^{1'} _____	X _{qv} ^{1'} _____
Transient – unsaturated	X _{di} ^{1'} _____	X _{qi} ^{1'} _____
Subtransient – saturated	X _{dv} ^{1''} _____	X _{qv} ^{1''} _____
Subtransient – unsaturated	X _{di} ^{1''} _____	X _{qi} ^{1''} _____
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} ^{1'} _____	T _{qo} ^{1'} _____
Three-Phase Short Circuit Transient	T _{d3} ^{1'} _____	T _q ^{1'} _____
Line to Line Short Circuit Transient	T _{d2} ^{1'} _____	
Line to Neutral Short Circuit Transient	T _{d1} ^{1'} _____	
Short Circuit Subtransient	T _d ^{1''} _____	T _q ^{1''} _____
Open Circuit Subtransient	T _{do} ^{1''} _____	T _{qo} ^{1''} _____

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 ~~HO~~[the Transmission Owner](#) prior to submitting the Interconnection Request to determine if the information designated by (*) is required Original Sheet No. 232

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 _____, ("ITOTransmission Owner"). Interconnection Customer and ITOTransmission Owner 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 ITOTransmission Owner 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. ITOThe Transmission Owner 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 ~~IIO~~, the Transmission Owner 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 ~~IIO~~ and Transmission Owner]

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

[Insert name of Interconnection Customer]

By: _____

By: _____

Title: _____

Title: _____

Date: _____

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 ~~HO~~[the Transmission Owner](#)]

APPENDIX 3 TO LGIP
INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between _____, a organized and existing under the laws of the State of _____, ("Interconnection Customer,"), and _____, a _____ 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 Transmission Owner 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 Transmission Owner 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 the Transmission Owner does not require the Interconnection Feasibility Study.) ~~and Transmission Owner;~~ and

WHEREAS, Interconnection Customer has requested ITO the Transmission Owner 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 the Transmission Owner 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. ~~HO~~The Transmission Owner 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. ~~HO~~Transmission Owner'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, ~~HO~~the Transmission Owner 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 ~~IPO~~ 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 ~~HO~~[the Transmission Owner](#)]

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," "IC"), and _____, 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 ~~IC~~Transmission Owner each may be referred to as a "Party," "P" or collectively as the "Parties," "Ps."

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, ~~IC~~Transmission Owner 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 ~~IC~~the Transmission Owner 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 ~~IC~~the Transmission Owner 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.

~~I/O~~ Transmission Owner 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. ~~I/O~~ Transmission Owner 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 ~~I/O~~ 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**

~~HO~~ Transmission Owner 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:

Line length from interconnection station to Transmission Owner's transmission line.

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 ~~HO~~ [the Transmission Owner](#).

Is the Large Generating Facility in the Transmission Owner's service area?

Yes No Local provider: _____

Please provide proposed schedule dates:

Begin Construction Date: _____

Generator step-up transformer
receives back feed power Date: _____

Generation Testing Date: _____

Commercial Operation Date: _____

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," "ITC"), and _____, 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 ~~ITC~~Transmission Owner each may be referred to as a "Party," "ITC" or collectively as the "Parties." "ITC"

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 ~~ITC~~the Transmission Owner 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 ~~ITC~~the Transmission Owner 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 ~~ITC~~the Transmission Owner 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.

Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Optional Interconnection Study. ~~HFO~~ Transmission Owner's good faith estimate for the time of completion of the Optional Interconnection Study is [insert date].

Upon receipt of the Optional Interconnection Study, ~~HFO~~ the Transmission Owner 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 ~~HFO~~ 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)

TABLE OF CONTENTS

	Page No.
Article 1. Definitions	242
Article 2. Effective Date, Term, and Termination.....	250
2.1 Effective Date	250
2.2 Term of Agreement	250
2.3 Termination Procedures.....	250
2.4 Termination Costs	250
2.5 Disconnection	251
2.6 Survival.....	252
Article 3. Regulatory Filings	252
3.1 Filing.....	252
Article 4. Scope of Service	252
4.1 Interconnection Product Options	252
4.2 Provision of Service	255
4.3 Performance Standards	255
4.4 No Transmission Delivery Service.....	255
4.5 Interconnection Customer Provided Services.....	255
Article 5. Interconnection Facilities Engineering, Procurement, and Construction.....	256
5.1 Options	256
5.2 General Conditions Applicable to Option to Build	257
5.3 Liquidated Damages	258
5.4 Power System Stabilizers	260
5.5 Equipment Procurement	260
5.6 Construction Commencement	260
5.7 Work Progress	261
5.8 Information Exchange	261
5.9 Limited Operation	261
5.10 Interconnection Customer's Interconnection Facilities ("ICIF").....	261
5.11 Transmission Owner's Interconnection Facilities Construction.....	252
5.12. Access Rights	263
5.13 Lands of Other Property Owners.....	263
5.14 Permits.....	263
5.15 Early Construction of Base Case Facilities	263
5.16 Suspension.....	264
5.17 Taxes.....	264
5.18 Tax Status	270
5.19 Modification	270
Article 6. Testing and Inspection.....	271
6.1 Pre-Commercial Operation Date Testing and Modifications	271
6.2 Post-Commercial Operation Date Testing and Modifications	271
6.3 Right to Observe Testing.....	271
6.4 Right to Inspect.....	271
Article 7. Metering	272
7.1 General	272

7.2	Check Meters	272
7.3	Standards	272
7.4	Testing of Metering Equipment.....	272
7.5	Metering Data	273
Article 8.	Communications.....	273
8.1	Interconnection Customer Obligations	273
8.2	Remote Terminal Unit	273
8.3	No Annexation.....	274
Article 9.	Operations	274
9.1	General	274
9.2	Control Area Notification.....	274
9.3	HO Transmission Owner Obligations	274
9.4	Interconnection Customer Obligations.....	275
9.5	Start-Up and Synchronization	275
9.6	Reactive Power	275
9.7	Outages and Interruptions.....	276
9.8	Switching and Tagging Rules.....	280
9.9	Use of Interconnection Facilities by Third Parties	280
9.10	Disturbance Analysis Data Exchange	281
Article 10.	Maintenance	281
10.1	HO Transmission Owner Obligations	281
10.2	Interconnection Customer Obligations	281
10.3	Coordination	282
10.4	Secondary Systems	282
10.5	Operating and Maintenance Expenses.....	282
Article 11.	Performance Obligation	282
11.1	Interconnection Customer Interconnection Facilities.....	282
11.2	Transmission Owner's Interconnection Facilities	282
11.3	Network Upgrades and Distribution Upgrades	282
11.4	Transmission Credits	283
11.5	Provision of Security	284
11.6	Interconnection Customer Compensation	285
Article 12.	Invoice	285
12.1	General	285
12.2	Final Invoice.....	285
12.3	Payment	286
12.4	Disputes	286
Article 13.	Emergencies	286
13.1	Definition.....	286
13.2	Obligations	286
13.3	Notice	287
13.4	Immediate Action	287
13.5	Reliability Coordinator's Authority	287
13.6	Interconnection Customer Authority	288
13.7	Limited Liability.....	288

Article 14. Regulatory Requirements and Governing Law	289
14.1 Regulatory Requirements	289
14.2 Governing Law	289
Article 15. Notices	289
15.1 General	289
15.2 Billings and Payments	289
15.3 Alternative Forms of Notice	290
15.4 Operations and Maintenance Notice	290
Article 16. Force Majeure	290
16.1 Force Majeure	290
Article 17. Default	290
17.1 Default	290
Article 18. Indemnity, Consequential Damages and Insurance	291
18.1 Indemnity	291
18.2 Consequential Damages	292
18.3 Insurance	293
Article 19. Assignment	295
19.1 Assignment	295
Article 20. Severability	295
20.1 Severability	295
Article 21. Comparability	295
21.1 Comparability	295
Article 22. Confidentiality	296
22.1 Confidentiality	296
Article 23. Environmental Releases	299
Article 24. Information Requirements	299
24.1 Information Acquisition	299
24.2 Information Submission by Transmission Provider	300
24.3 Updated Information Submission by Interconnection Customer	300
24.4 Information Supplementation	300
Article 25. Information Access and Audit Rights	301
25.1 Information Access	301
25.2 Reporting of Non-Force Majeure Events	301
25.3 Audit Rights	301
25.4 Audit Rights Periods	302
25.5 Audit Results	302
Article 26. Subcontractors	302
26.1 General	302
26.2 Responsibility of Principal	303
26.3 No Limitation by Insurance	303
Article 27. Disputes	303
27.1 Submission	303
27.2 External Arbitration Procedures	303

27.3	Arbitration Decisions.....	304
27.4	Costs	304
Article 28.	Representations, Warranties, and Covenants	304
28.1	General	304
Article 29.	Joint Operating Committee	305
29.1	Joint Operating Committee.....	305
Article 30.	Miscellaneous.....	306
30.1	Binding Effect	306
30.2	Conflicts	306
30.3	Rules of Interpretation.....	306
30.4	Entire Agreement.....	307
30.5	No Third Party Beneficiaries.....	307
30.6	Waiver	307
30.7	Headings	307
30.8	Multiple Counterparts.....	307
30.9	Amendment	308
30.10	Modification by the Parties.....	308
30.11	Reservation of Rights	308
30.12	No Partnership	308

Appendix A - Interconnection Facilities, Network Upgrades, and Distribution Upgrades Appendix

B – Milestones

Appendix C – Interconnection Details

Appendix D – Security Arrangements Details

Appendix E – Commercial Operation Date

Appendix F – Addresses for Delivery of Notices and Billings

Appendix G – Requirements of Generators Relying on Newer Technologies Original

STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT ("Agreement") is made and entered into this ____ day of _____ 20__, by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer" with a Large Generating Facility), and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Transmission Owner") ~~and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("ITO and/or ("Transmission Owner")~~. Interconnection Customer, and ~~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 ~~IIO~~, 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 ~~HO~~ Transmission Owner, 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, IFO, 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~~ Transmission Owner 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 ~~HO~~ [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, and 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 ~~HO~~, 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 ~~HO~~ [Transmission Owner](#).

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 [the Amended Reliability Coordinator Agreement attached hereto as Attachment P hereto](#).

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and ~~HO~~ [the Transmission Owner](#) 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, controlled 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~~ Transmission Owner 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 ~~HFO~~ and Transmission Owner ninety (90) Calendar Days advance written notice, or by ~~HFO~~ Transmission Owner 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

3.1 Filing

~~HO~~ The Transmission Owner 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 ~~HQ~~Transmission Owner with respect to such filing and to provide any information reasonably requested by ~~HQ~~Transmission Owner 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, ~~HQ~~Transmission Owner 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

~~HO~~ Transmission Owner must conduct the necessary studies ~~in coordination with the Transmission Owner and the Transmission Owner must~~ and 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, ~~HO~~ Transmission Owner 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 ~~HO~~Transmission Owner to grant such request.

4.2 Provision of Service

~~HO~~Transmission Owner 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 ~~IIO~~ and the Transmission Owner, ~~IIO~~ it 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 IIO~~ Transmission Owner fails to install equipment.

5.1.3 Option to Build

If the dates designated by Interconnection Customer are not acceptable to ~~IIO and~~ Transmission Owner, ~~IIO~~ Transmission Owner 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~~ Alone Network Upgrades on the dates specified in Article 5.1.2. ~~IIO~~ Transmission Owner 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 ~~HFO~~ [Transmission Owner](#);
- (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 ~~HFO 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 ~~HFO 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

½ 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 ~~HTO~~ [Transmission Owner](#). 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 ~~HO~~ Transmission Owner 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 ~~HO~~ Transmission Owner 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 ~~HO~~ Transmission Owner 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, ~~I/O~~ Transmission Owner 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. ~~I/O and~~ Transmission Owner shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of ~~I/O 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 ~~I/O and~~ Transmission Owner's Review

~~I/O 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 ~~I/O 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.

~~HO~~ Transmission Owner 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 ~~HO~~ Transmission Owner 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 nontaxable treatment.

At ~~HFO~~Transmission Owner's request, Interconnection Customer shall provide ~~HFO~~Transmission Owner 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: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$. Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.17.5 Private Letter Ruling or Change or Clarification of Law

At Interconnection Customer's request and expense, Transmission 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, ~~HO~~ [Transmission Owner](#) 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~~ 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 ~~HO~~ Transmission Owner for the tax at issue in the contest.

5.17.8 Refund

In the event that (a) a private letter ruling is issued to ~~HO~~ Transmission Owner 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, ~~HO~~ Transmission Owner 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 nonexercise 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, ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner's option, compensated to, the Point of Interconnection. ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner 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

~~HQ~~Transmission Owner shall install, calibrate, and test revenue quality Metering Equipment in accordance with applicable ANSI standards.

7.4 Testing of Metering Equipment

~~HQ~~Transmission Owner shall inspect and test all ~~Transmission Owner-owned~~its Metering Equipment upon installation and at least once every two (2) years thereafter. If requested to do so by Interconnection Customer, ~~HQ~~Transmission Owner shall, at Interconnection Customer's expense, inspect or test Metering Equipment more frequently than every two (2) years. ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner 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, ~~HQ~~Transmission Owner 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 ~~HTO~~[Transmission Owner](#) 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 ~~HTO~~[Transmission Owner](#). 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 ~~HTO~~[Transmission Owner](#) 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 ~~HTO~~[Transmission Owner](#). 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 ~~HTO~~[Transmission Owner](#) at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by ~~HTO~~[Transmission Owner](#) 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 ~~HTO~~[Transmission Owner](#). Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by ~~HTO~~[Transmission Owner](#).

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 ~~HFO~~[Transmission Owner](#) 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 ~~HFO~~[Transmission Owner](#) Obligations

~~HFO~~[Transmission Owner](#) 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. ~~HFO~~[Transmission Owner](#) may provide operating instructions to Interconnection Customer consistent with this LGIA and ~~HFO~~[Transmission Owner](#)'s operating protocols and procedures as they may change from time to time. ~~HFO~~[Transmission Owner](#) 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 ~~HO~~ the Transmission Owner 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, ~~HO~~ Transmission Owner 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. ~~HO~~ Transmission Owner 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 ~~IT~~the Transmission Owner, 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

~~IT~~Transmission Owner is required to pay Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from the Large Generating Facility when ~~IT~~Transmission Owner 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, ~~IT~~Transmission Owner 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

~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner for a minimum of a rolling twenty-four month period. Interconnection Customer shall update its planned maintenance schedules as necessary. ~~HO~~Transmission Owner 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~~criteria in determining Transmission System reliability. ~~HO~~Transmission Owner 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 Party¹'s Interconnection Facilities or Network Upgrades adversely affects the another Party²'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, ~~HO~~Transmission Owner may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect ~~HO~~Transmission Owner'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, ~~HT~~[Transmission Owner](#) 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, ~~HT~~[Transmission Owner](#) or Reliability Coordinator shall notify Interconnection Customer in advance regarding the timing of such scheduling and further notify Interconnection Customer of the expected duration. ~~HT~~[Transmission Owner](#) shall coordinate with Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to Interconnection Customer and ~~HT~~[Transmission Owner](#);
- 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 loadshed 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 ~~HT~~[Transmission Owner](#) 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 undervoltage, 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 ~~HO~~ Transmission Owner Obligations

~~HO~~ Transmission Owner 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 ~~HO~~Transmission Owner 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 nonusage 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, ~~HO~~Transmission Owner, and Affected System Operator may adopt any alternative payment schedule that is mutually agreeable so long as ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner 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, ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner 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 transfer capability, 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 ~~HO~~Transmission Owner, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner for these purposes.

In addition:

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

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

11.6 Interconnection Customer Compensation

If ~~HO~~Transmission Owner 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, ~~HO~~Transmission Owner 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 ~~HO or RTO or ISO~~Transmission Owner 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, ~~HO~~[Transmission Owner](#) 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

~~HO~~[Transmission Owner](#) or RTO or ISO shall compensate Interconnection Customer for its provision of real and reactive power and other Emergency Condition services that Interconnection Customer provides to support the Transmission System during an Emergency Condition in accordance with Article 11.6.

Article 12. Invoice

12.1 General

Each Party shall submit to 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, ~~HO~~[Transmission Owner](#) 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. ~~HO~~[Transmission Owner](#) 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 HTO Transmission Owner and Interconnection Customer, HTO Transmission Owner 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 HTO Transmission Owner 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 HTO Transmission Owner 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 § a(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 HTO Transmission Owner, 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

HTO Transmission Owner 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 HTO Transmission Owner 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 ~~HTO~~ Transmission Owner, 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 ~~HTO~~ Transmission Owner 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 ~~HO~~ Transmission Owner can schedule the reduction or disconnection in advance, ~~HO~~ Transmission Owner shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. ~~HO~~ Transmission Owner shall coordinate with Interconnection Customer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to Interconnection Customer and ~~HO~~ Transmission Owner. 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. ~~HO~~ Transmission Owner 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 ~~nonbreaching~~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 ~~HO~~ [Transmission Owner](#), for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that Interconnection Customer will promptly notify ~~HO~~ [Transmission Owner](#) 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 ~~HFO~~[Transmission Owner](#) of the date and particulars of any such exercise of assignment right(s), including providing the ~~HFO~~[Transmission Owner](#) 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

21.1 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 ~~HFO~~[Transmission Owner](#)) 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

~~IFO, 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 ~~IFO~~ Transmission Owner 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 ~~IFO~~, Transmission Owner 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 [HTO Transmission Owner](#) 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 [HTO Transmission Owner](#) 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 [HTO Transmission Owner](#) pursuant to the Interconnection Study Agreement between [HTO Transmission Owner](#) and Interconnection Customer, then [HTO Transmission Owner](#) 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 [HTO Transmission Owner](#) for each individual generating unit in a station.

Subsequent to the Operation Date, Interconnection Customer shall provide [HTO Transmission Owner](#) any information changes due to equipment replacement, repair, or adjustment. [HTO Transmission Owner](#) 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, ~~HO~~Transmission Owner's efforts to allocate responsibility for the provision of reactive support to the Transmission System, ~~HO~~Transmission Owner'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 ~~HO~~Transmission Owner'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 ~~HO 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 ~~HFO~~ [Transmission Owner](#) 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, ~~IT~~Transmission Owner 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 ~~IT~~Transmission Owner shall each appoint one representative and one alternate to the Joint Operating Committee. Each Interconnection Customer shall notify ~~IT~~Transmission Owner 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

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 APPENDIX A **to** 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~~ APPENDIX B to 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~~APPENDIX C ~~to~~TO LGIA

Interconnection Details

~~Appendix~~ APPENDIX D ~~to~~ 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~~APPENDIX E to LGIA

Commercial Operation Date

This Appendix E is a part of the LGIA between ~~HTO~~, Transmission Owner and Interconnection Customer.

[Date]

[~~HTO~~Transmission Owner 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~~ APPENDIX F to TO LGIA

Addresses for Delivery of Notices and Billings Notices:

Notices:

~~ITO:~~

~~[To be supplied.]~~

Transmission Owner:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Billings and Payments:

~~ITO:~~

Transmission Owner:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

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

~~ITO:~~

~~[To be supplied.]~~

Transmission Owner:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

~~Appendix~~ APPENDIX G ~~to~~ TO LGIA

Requirements of Generators Relying on Newer Technologies

ATTACHMENT N
SMALL GENERATOR
INTERCONNECTION PROCEDURES (SGIP)

AND

SMALL GENERATOR INTERCONNECTION AGREEMENT (SGIA)

(For Generating Facilities No Larger Than 20 MW)

TABLE OF CONTENTS

	Page No.
Section 1. Application	319
1.1 Applicability	319
1.2 Pre-Application.....	319
1.3 Interconnection Request	320
1.4 Modification of the Interconnection Request	320
1.5 Site Control.....	320
1.6 Queue Position.....	321
1.7 Interconnection Requests Submitted Prior to the Effective Date of the SGIP ..	321
Section 2. Fast Track Process	321
2.1 Applicability	321
2.2 Initial Review	321
2.3 Customer Options Meeting.....	323
2.4 Supplemental Review	323
Section 3. Study Process.....	325
3.1 Applicability	325
3.2 Scoping Meeting.....	325
3.3 Feasibility Study	326
3.4 System Impact Study.....	326
3.5 Facilities Study	328
Section 4. Provisions that Apply to All Interconnection Requests	329
4.1 Reasonable Efforts.....	329
4.2 Disputes	329
4.3 Interconnection Metering	330
4.4 Commissioning.....	330
4.5 Confidentiality.....	330
4.6 Comparability.....	331
4.7 Record Retention	331
4.8 Interconnection Agreement	331
4.9 Coordination with Affected Systems.....	332
4.10 Capacity of the Small Generating Facility	332
Appendix 1 – Glossary of Terms	
Appendix 2 – Small Generator Interconnection Request	
Appendix 3 – Certification Codes and Standards	
Appendix 4 – Certification of Small Generator Equipment Packages	
Appendix 5 – Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10 kW (<u>10</u> kW Inverter Process ¹¹)	
Appendix 6 – Feasibility Study Agreement	
Appendix 7 – System Impact Study Agreement	
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 ~~HO~~[Transmission Owner](#) 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 ~~HO~~[Transmission Owner](#) 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 [HTO Transmission Owner](#) shall comply with reasonable requests for such information.

1.3 Interconnection Request

The Interconnection Customer shall submit its Interconnection Request to the [HTO Transmission Owner](#), 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 [HTO Transmission Owner](#) within three Business Days of receiving the Interconnection Request. The [HTO Transmission Owner](#) 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 [HTO Transmission Owner](#) 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 [HTO Transmission Owner](#).

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 [HTO Transmission Owner](#) 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 ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner shall maintain a single queue per geographic region. At the ~~HO~~Transmission Owner'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~~Appendices 3 and 4 of these procedures, or the ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner notifies the Interconnection Customer it has received a complete Interconnection Request, the ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner'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 kW.¹⁵
- 2.2.1.4** The proposed Small Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10% to the distribution circuit's maximum fault current at the point on the high voltage (primary) level nearest the proposed point of change of ownership.
- 2.2.1.5** The proposed Small Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or Interconnection Customer equipment on the system to exceed 87.5% of the short circuit interrupting capability; nor shall the interconnection 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.

¹⁵ 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)

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 ~~HFO~~[Transmission Owner](#) 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 ~~HFO~~[Transmission Owner](#) determines that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the ~~HFO~~[Transmission Owner](#) 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 ~~HFO~~[Transmission Owner](#) 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 HO Transmission Owner shall provide the Interconnection Customer with the opportunity to attend a customer options meeting.

2.3 Customer Options Meeting

If the HO Transmission Owner 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 HO Transmission Owner shall notify the Interconnection Customer and provide copies of all data and analyses underlying its conclusion. Within ten Business Days of the HO Transmission Owner's determination, the HO Transmission Owner shall offer to convene a customer options meeting with the HO Interconnection Customer 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 HO Transmission Owner's determination, or at the customer options meeting, the HO Transmission Owner 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 HO Transmission Owner 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 HO Transmission Owner'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 HO Transmission Owner 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 ~~HFO~~[Transmission Owner](#) will determine if the Small Generating Facility can be interconnected safely and reliably.
- 2.4.1.1** If so, the ~~HFO~~[Transmission Owner](#) shall forward an executable 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 ~~HFO~~[Transmission Owner](#) 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 ~~HFO~~[Transmission Owner](#) 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 ~~HFO~~[Transmission Owner](#) 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 ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner 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 nonbinding 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 ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner 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 ~~HFO~~[Transmission Owner](#) 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 ~~HFO~~[Transmission Owner](#) 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 ~~HFO~~[Transmission Owner](#) 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 ~~HFO~~[Transmission Owner](#) 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 ~~HO~~Transmission Owner may contract with consultants to perform activities required under the facilities study agreement. The Interconnection Customer and the ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner, 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 HTO Transmission Owner 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 HTO Transmission Owner 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 HTO Transmission Owner shall make reasonable efforts to meet all time frames provided in these procedures unless the HTO Transmission Owner and the Interconnection Customer agree to a different schedule. If the HTO Transmission Owner 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 ~~HT~~[Transmission Owner](#)'s specifications.

4.4 Commissioning

Commissioning tests of the Interconnection Customer's installed equipment shall be performed pursuant to applicable codes and standards. The ~~HT~~[Transmission Owner](#) 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 [HTO Transmission Owner](#) shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this document. The [HTO Transmission Owner](#) 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 [HTO Transmission Owner](#) 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 [HTO Transmission Owner](#), the Interconnection Customer shall have 30 Business Days or another mutually agreeable timeframe to sign and return the interconnection agreement, or request that the [HTO Transmission Owner](#) 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 [HFO Transmission Owner](#) 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 [HFO Transmission Owner](#) 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 [HFO Transmission Owner](#) 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 [HFO Transmission Owner](#) in all matters related to the conduct of studies and the determination of modifications to Affected Systems. An [HFO operator](#) which may be an Affected System shall cooperate with the [HFO Transmission Owner](#) 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.

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 [Transmission Owner](#).

Reliability Coordinator – The party charged with providing reliability coordination service for the Transmission Owner's system in accordance with [the Amended Reliability Coordinator Agreement attached hereto as Attachment P 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, [controlled](#) 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)

HTO:

[Transmission Owner:](#)

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 **HTO** [Transmission Owner](#).

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 **HTO** [Transmission Owner](#) a deposit not to exceed \$1,000 towards the cost of the feasibility study.

Interconnection Customer Information

Legal Name of the Interconnection Customer (or, if an individual, individual's name)

Name:

Contact Person:

Mailing Address:

City: State: Zip:

Facility Location (if different from above):

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Alternative Contact Information (if different from the Interconnection Customer)

Contact Name: _____

Title: _____

Address: _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Application is for: _____ New Small Generating Facility
 _____ Capacity addition to Existing Small Generating Facility

If capacity addition to existing facility, please describe:

Will the Small Generating Facility be used for any of the following?

Net Metering? Yes ___ No ___

To Supply Power to the Interconnection Customer? Yes ___ No ___

To Supply Power to Others? Yes ___ No ___

For installations at locations with existing electric service to which the proposed Small Generating Facility will interconnect, provide:

(Local Electric Service Provider*) _____

(Existing Account Number*) _____

[*To be provided by the Interconnection Customer if the local electric service provider is different from the ~~HQ~~ [Transmission Owner](#)]

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, X2: _____ P.U.

Zero Sequence Reactance, X0: _____ P.U.

KVA Base: _____

Field Volts: _____

Field Amperes: _____

Induction Generators:

Motoring Power (kW): _____

I²t or K (Heating Time Constant): _____

Rotor Resistance, Rr: _____

Stator Resistance, Rs: _____

Stator Reactance, Xs: _____

Rotor Reactance, Xr: _____

Magnetizing Reactance, Xm: _____

Short Circuit Reactance, Xd^{u'?}: _____

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 [HFO Transmission Owner](#) 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 Original Sheet No. 372

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

Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Owner of the facility (include % ownership by any electric utility): _____

35.1.1 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 ~~HTO~~ [Transmission Owner](#) 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 ~~HT~~Transmission Owner 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.

~~HT~~Transmission Owner 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: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Electrician:

Contact (if different from Interconnection Customer)

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

License number: _____

Date Approval to Install Facility granted by the ~~HQ~~ [Transmission Owner](#): _____

Application ID number: _____

Inspection:

The Small Generating Facility has been installed and inspected in compliance with the local building/electrical code of _____

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

Print Name: _____

Date: _____

As a condition of interconnection, you are required to send/fax a copy of this form along with a copy of the signed electrical permit to (insert Company information below):

Name: _____

Company: _____

Address: _____

City, State ZIP: _____

Fax: _____

Approval to Energize the Small Generating Facility (for Company use only)

Energizing the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

Company Signature: _____

Title: _____ Date: _____

Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

1.0 Construction of the Facility

The Interconnection Customer (the "Customer") may proceed to construct (including operational testing not to exceed two hours) the Small Generating Facility when the ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner, 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 ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner waives the right to inspect the Small Generating Facility.
- 2.4 The ~~HO~~Transmission Owner 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 ~~HFO~~Transmission Owner 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 ~~HFO~~Transmission Owner shall provide reasonable notice to the Customer when possible prior to using its right of access.

5.0 Disconnection

The ~~HFO~~Transmission Owner 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 ~~HFO~~Transmission Owner 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's¹² 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 ~~HQ~~[Transmission Owner](#).

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 ~~HQ~~[Transmission Owner](#) 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 ~~HQ~~[Transmission Owner](#).

APPENDIX 6 TO SGIP
FEASIBILITY STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ a _____ organized and existing under the laws of the State of _____, ("Transmission Owner"). Interconnection Customer and Transmission Owner 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 Transmission Owner 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 Transmission Owner shall cause to be performed an interconnection feasibility study consistent the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.
- 3.0 The scope of the feasibility study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The feasibility study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the scoping meeting. The Transmission Owner 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.

- 5.0 If the Interconnection Customer modifies its Interconnection Request, the time to complete the feasibility study may be extended by agreement of the Parties. In performing the study, the ~~HTO~~ Transmission Owner 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 ~~HTO~~ Transmission Owner's actual costs, including any costs incurred by ~~HTO or~~ Transmission Owner with performing ~~their respective~~ its 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 ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner
name of ~~Transmission Owner~~Interconnection Customer]

[Insert

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 ~~HFO~~ [Transmission Owner](#).

APPENDIX 7 TO SGIP
SYSTEM IMPACT STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,"") and _____ a _____ existing under the laws of the State of _____, ("HTO Transmission Owner"). Interconnection Customer and HTO Transmission Owner 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 HTO Transmission Owner 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 HTO Transmission Owner 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 HTO Transmission Owner shall cause to be performed a system impact study(s) consistent with the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.
- 3.0 The scope of a system impact study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 A system impact study will be based upon the results of the feasibility study and the technical information provided by Interconnection Customer in the Interconnection Request. The HTO Transmission Owner 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 [HTO Transmission Owner](#) has 20 additional Business Days to complete a system impact study requiring review by Affected Systems.
- 8.0 If the [HTO Transmission Owner](#) 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 [HTO Transmission Owner](#)'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 ~~IHO~~[Transmission Owner](#)'s actual costs, including any costs incurred by ~~IHO or~~ Transmission Owner with performing ~~their~~[its](#) 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 ~~IHO~~[Transmission Owner](#) 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 ~~HFO~~Transmission Owner
name of ~~Transmission Owner~~Interconnection Customer]

[Insert

Signed: _____

Name (Printed):

Title: _____

Signed: _____

Name (Printed):

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 ~~HO~~ [Transmission Owner](#).

**APPENDIX 8 TO SGIP
FACILITIES STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer") and _____ a _____ existing under the laws of the State of _____, ("Transmission Owner") and _____ a _____ existing under the laws of the State of _____, ("ITO"). Interconnection Customer and ITO Transmission Owner 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 Transmission Owner 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 Transmission Owner 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 Transmission Owner 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 ~~HFO~~Transmission Owner 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 ~~HFO~~Transmission Owner's actual costs, including any costs incurred by ~~HFO or~~ Transmission Owner with performing ~~their respective~~its 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 ~~HFO~~Transmission Owner 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 ~~HFO~~Transmission Owner
~~Owner~~Interconnection Customer]

[Insert name of ~~Transmission~~

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 line, and property lines.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to Transmission 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 ~~I/O~~ [the Transmission Owner](#).

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 8 TO SGIP
SMALL GENERATOR INTERCONNECTION AGREEMENT (SGIA)

(For Generating Facilities No Larger Than 20 MW)

TABLE OF CONTENTS

	Page No.
Article 1. Scope and Limitations of Agreement	372
1.5 Responsibilities of the Parties	372
1.6 Parallel Operation Obligations	373
1.7 Metering	373
1.8 Reactive Power	373
Article 2. Inspection, Testing, Authorization, and Right of Access	374
2.1 Equipment Testing and Inspection	374
2.2 Authorization Required Prior to Parallel Operation	374
2.3 Right of Access	375
Article 3. Effective Date, Term, Termination, and Disconnection	375
3.1 Effective Date	375
3.2 Term of Agreement	375
3.3 Termination	375
3.4 Temporary Disconnection	376
Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades	378
4.1 Interconnection Facilities	378
4.2 Distribution Upgrades	378
Article 5. Cost Responsibility for Network Upgrades	378
5.1 Applicability	378
5.2 Network Upgrades	378
5.3 Special Provisions for Affected Systems	379
5.4 Rights Under Other Agreements	379
Article 6. Billing, Payment, Milestones, and Financial Security	380
6.1 Billing and Payment Procedures and Final Accounting	380
6.2 Milestones	380
6.3 Financial Security Arrangements	381
Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default	381
7.1 Assignment	381
7.2 Limitation of Liability	382
7.3 Indemnity	382
7.4 Consequential Damages	382
7.5 Force Majeure	383
7.6 Default	383
Article 8. Insurance	384
Article 9. Confidentiality	384
Article 10. Disputes	385
Article 11. Taxes	386
Article 12. Miscellaneous	386
12.1 Governing Law, Regulatory Authority, and Rules	386
12.2 Amendment	386

12.3	No Third-Party Beneficiaries.....	386
12.4	Waiver	386
12.5	Entire Agreement.....	387
12.6	Multiple Counterparts.....	387
12.7	No Partnership	387
12.8	Severability	387
12.9	Security Arrangements	387
12.10	Environmental Releases	387
12.11	Subcontractors	388
12.12	Reservation of Rights	388
Article 13.	Notices.....	388
13.1	General	388
13.2	Billing and Payment	389
13.3	Alternative Forms of Notice.....	389
13.4	Designated Operating Representative	390
13.5	Changes to the Notice Information.....	390
Article 14.	Signatures	391
Appendix A – Glossary of Terms		
Appendix B – Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment		
Appendix C – One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades		
Appendix D– Milestones		
Appendix E – Additional Operating Requirements for the Transmission Owner’s Transmission System and Affected Systems Needed to Support the Interconnection Customer’s Needs		
Appendix F – HO Transmission Owner ’s Description of its Upgrades and Best Estimate of Upgrade Costs		

This Interconnection Agreement ("Agreement") is made and entered into this _____ day of _____, 20__, by _____ ("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 ~~HO~~ Transmission Owner 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 ~~HFO~~Transmission Owner 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 ~~HFO~~Transmission Owner 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 ~~HFO~~Transmission Owner 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 HO Transmission Owner is required to pay the Interconnection Customer for reactive power that the Interconnection Customer provides or absorbs from the Small Generating Facility when the HO Transmission Owner requests the Interconnection Customer to operate its Small Generating Facility outside the range specified in article 1.8.1. In addition, if the HO Transmission Owner 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 HO Transmission Owner 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 HO Transmission Owner 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 HO Transmission Owner a written test report when such testing and inspection is completed.

2.1.2 The HO Transmission Owner 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 HO Transmission Owner 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 ~~HO~~Transmission Owner shall use Reasonable Efforts to list applicable parallel operation requirements in Appendix E of this Agreement. Additionally, the ~~HO~~Transmission Owner shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner. The ~~HO~~Transmission Owner will provide such authorization once ~~the HO~~it 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 ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner 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 ~~HO~~Transmission Owner 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 ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner 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 ~~HQ~~Transmission Owner, 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 HTO Transmission Owner 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 HTO Transmission Owner 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 HTO Transmission Owner 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 HTO Transmission Owner shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The HTO Transmission Owner 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 HTO Transmission Owner may suspend interconnection service to effect immediate repairs on the Transmission Owner's Transmission System. The HTO Transmission Owner shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, ~~the~~ HTO Transmission Owner 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 HTO Transmission Owner 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 HTO Transmission Owner may disconnect the Small Generating Facility. The HTO Transmission Owner 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 ~~HFO~~[Transmission Owner](#) 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 ~~HFO~~[Transmission Owner](#)'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 ~~HFO~~[Transmission Owner](#) 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 ~~HFO~~[Transmission Owner](#).

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 ~~HFO~~[Transmission Owner](#) shall design, procure, construct, install, and own the Distribution Upgrades described in Appendix F of this Agreement. If the ~~HFO~~[Transmission Owner](#) 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 ~~HFO or the~~ Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Appendix F of this Agreement. If the ~~HFO~~ Transmission Owner and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the ~~HFO~~ Transmission Owner 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 ~~HFO~~ Transmission Owner 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 ~~HFO~~ Transmission Owner, and Affected System operator may adopt any alternative payment schedule that is mutually agreeable so long as the ~~HFO~~ Transmission Owner 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 ~~HFO~~ Transmission Owner 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 HOT Transmission Owner 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 HOT Transmission Owner 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 transfer capability, 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 HOT Transmission Owner 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 HOT Transmission Owner 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 HOT Transmission Owner for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the HOT Transmission Owner shall invoice the Interconnection Customer for the amount due and the Interconnection

Customer shall make payment to the HTO Transmission Owner within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the HTO Transmission Owner 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 HTO Transmission Owner, 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 HTO Transmission Owner 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 HTO Transmission Owner 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 HTO Transmission Owner, 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 HTO Transmission Owner 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 ~~HTO~~ 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 ~~HTO~~ Transmission Owner 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 nondefaulting 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 ~~HO~~[Transmission Owner](#), except that the Interconnection Customer shall show proof of insurance to the ~~HO~~[Transmission Owner](#) 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~~self-insurance consistent with the Transmission Owner's commercial practice. Such insurance or self-insurance shall not exclude coverage for the ~~TFO~~Transmission Owner'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 ~~HO~~ [Transmission Owner](#). 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 ~~cybersecurity~~[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 ~~HO~~[Transmission Owner](#) 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: _____~~

Transmission Owner:

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:~~

Transmission Owner:

~~ITO:~~

Transmission Owner:

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~~ APPENDIX A to 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 ~~IHO~~ Transmission Owner's requirements, including those set forth in the Small Generator Interconnection Agreement.

Party or Parties – The ~~IHO~~, 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 [the Amended Reliability Coordinator Agreement attached hereto as Attachment P hereto Q.](#)

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) ~~iii~~ receive payment for Transmission Service as provided for in the Tariff.

Transmission System – The facilities owned, [controlled](#) 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~~ APPENDIX B ~~to~~ 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 ~~HO~~ Transmission Owner 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~~ APPENDIX C ~~to~~ TO SGIA

**One-line Diagram Depicting the Small Generating Facility, Interconnection
Facilities, Metering Equipment, and Upgrades**

~~Appendix~~ APPENDIX D ~~to~~ 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 _____

~~Appendix~~ APPENDIX E ~~to~~ TO SGIA

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

The ~~HO~~ Transmission Owner 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~~ APPENDIX F ~~to~~ TO SGIA

~~HFO~~ Transmission Owner's Description of its Upgrades
and Best Estimate of Upgrade Costs

The ~~HFO~~ Transmission Owner 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 ~~HFO~~ Transmission Owner shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

ATTACHMENT O
RATE FORMULAE FOR NETWORK INTEGRATION TRANSMISSION SERVICE

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		Allocated Amount	
Line No.		Total	Allocation				
1	CROSS REVENUE REQUIREMENT (page 3, line 29)			\$			
2	REVENUE CREDITS (Note Y)						
3	Account No. 454 (page 4, line 34)	0	10	0.00000			
4	Account No. 456 (page 4, line 37)	0	10	0.00000			
5	Revenues from Grandfathered Intermodal Transactions	0	10	0.00000			
6	Revenues from service provided by LG&E Energy LLC at a discount	0	10	0.00000			
7	TOTAL REVENUE CREDITS (sum lines 2-6)						
8	NET REVENUE REQUIREMENT (line 1 minus line 7)			\$			
9	DIVISOR						
10	Average of 12 specified system peaks for requirements (RQ) service (Note A)						
11	Plus 12 CP of firm based load over one year not in line 9 (Note B)						
12	Plus 12 CP of Network Load not in line 9 (Note C)						
13	Less 12 CP of firm P-T-P over one year (enter negative) (Note D)						
14	Plus Contract Demand of firm P-T-P over one year (RESERVED)						
15	Less Contract Demands from service over one year provided by LG&E ENERGY LLC at a discount (enter negative)						
16	Divisor (sum lines 9-15)						
17	Annual Cost (\$/kW/yr) (line 8 / line 16)	0.000					
18	Network Rate (\$/kW/M (line 16 / 12)	0.000					
19	(RESERVED)						
20	(RESERVED)						
21	(RESERVED)						
22	FERC Annual Charge(\$/MW) (Note E)	\$0.000	Short Term	\$0.000	Short Term	\$0.000	Long Term
		\$0.000	Long Term	\$0.000	Long Term	\$0.000	Long Term

Formula Rate- Non-Calendar

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/

Line No.	(1)	(2) L&E Energy LLC Form No. 1 Page, Line, Col.	(3) Compute Total	(4)		(5)
				Allocate	Transmission (Col. 3 times Col. 4)	
RATE BASE:						
GROSS PLANT IN SERVICE						
1	Production	226.46 g	0	NA		0
2	Transmission	226.58 g	0	TP	0.0000	0
3	Distribution	226.75 g	0	NA		0
4	General & Intangible	226.52 & 93 g	0	WT	0.0000	0
5	Common	376.1	0	CB	0.0000	0
6	TOTAL GROSS PLANT (sum lines 1-5)		0	GR	0.0000	0
ACCUMULATED DEPRECIATION						
7	Production	219.23-24 g	0	NA		0
8	Transmission	219.25 g	0	TP	0.0000	0
9	Distribution	219.26 g	0	NA		0
10	General & Intangible	219.27 g	0	WT	0.0000	0
11	Common	376.1	0	CB	0.0000	0
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		0			0
NET PLANT IN SERVICE						
13	Production	Line 1-line 7)	0			0
14	Transmission	Line 2-line 8)	0			0
15	Distribution	Line 3-line 9)	0			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	0.0000	0
ADJUSTMENTS TO RATE BASE (Note E)						
19	Account No. 281 (enter negative)	273.86	0	NA	sum	0
20	Account No. 282 (enter negative)	275.23	0	NP	0.0000	0
21	Account No. 283 (enter negative)	277.36	0	NP	0.0000	0
22	Account No. 190	274.8 g	0	NP	0.0000	0
23	Account No. 255 (enter negative)	287.8 g	0	NP	0.0000	0
23a	Network Upgrade (enter negative)		0	TP	0.0000	0
24	TOTAL ADJUSTMENTS (sum lines 19-23)		0			0
25	LAND HELD FOR FUTURE USE 2146d (Note G)		0	TP	0.0000	0
WORKING CAPITAL (Note H)						
26	CWC	calculated	0			0
27	Materials & Supplies (Note G)	227.8 c & 15 g	0	TP	0.0000	0
28	Prepayments (Account 165)	135.46 d	0	GP	0.0000	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/		
		LG&E Energy LLC				
		(1)	(2)	(3)	(4)	(5)
Line No.		Form No. 1 Page, Line, Col.	Company Total		Abscuse	Transmission (Col. 3 plus Col. 4)
O&M						
1	Transmission	321.103.b	0	TE	0.0000	0
2	Loss Account 385	321.80.b	0	WB	1.0000	0
3	R&G	323.163.b	0	WB	0.0000	0
4	Loss FERC Annual Post		0	WB	0.0000	0
5	Loss EPHI & Eng. Conns. Exp. & Non-safety Ad (Note 1)		0	WB	0.0000	0
5a	Plus Transmission Related to Eng. Conns. Exp. (Note 1)		0	TE	0.0000	0
6	Concess	355.1	0	CE	0.0000	0
7	Transmission Line Payments		0	CE	1.0000	0
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less lines 2, 4, 5)		<u>0</u>			<u>0</u>
DEPRECIATION EXPENSE						
9	Transmission	336.7.b	0	TP	0.0000	0
10	General	338.9.b	0	WB	0.0000	0
11	Concess	336.10.b	0	CE	0.0000	0
12	TOTAL DEPRECIATION (sum lines 9-11)		<u>0</u>			<u>0</u>
TAXES OTHER THAN INCOME TAXES (Note 1)						
LABOR RELATED						
13	Payroll	283.1	0	WB	0.0000	0
14	Highway and vehicle	283.1	0	WB	0.0000	0
PLANT RELATED						
16	Property	283.1	0	CP	0.0000	0
17	Gross Receipts	283.1	0	NA	zero	0
18	Other	283.1	0	CP	0.0000	0
19	Payments in lieu of fees		0	CP	0.0000	0
20	TOTAL OTHER TAXES (sum lines 13-19)		<u>0</u>			<u>0</u>
INCOME TAXES (Note 3)						
21	$T = (1 - (1 - SIT) * (1 - PIT)) / (1 - SIT * PIT * p) =$		0.02%			
22	$CT = (1 - T) * (1 - WCLTD R) =$ where WCLTD = (page 4, line 27) and R = (page 4, line 30) and PIT, SIT & p are as given in footnote K		0.02%			
23	$(AI - T) =$ (from line 21)		0.00%			
24	Amortized Investment Tax Credit (26.40) (enter negative)		0			
25	Income Tax Calculation = line 21 * line 20		0	NA		0
26	ITC adjustment (line 23 * line 24)		0	NP	0.0000	0
27	Total Income Taxes (line 25 plus line 26)		<u>0</u>			<u>0</u>
RETURN						
28	(Rate Base (page 2, line 30) * Rate of Return (page 4, line 30))		0			0
29	REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)		<u>0</u>			<u>0</u>

Using FERC Form 1 Data
 LG&E Energy LLC
 SUPPORTING CALCULATIONS AND NOTES

Line No.	Description	Formula	Value	Unit	Value	Unit
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 excluded as OATY Auxiliary 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%			0.0000	
TRANSMISSION EXPENSES						
6	Total transmission expenses (page 3, line 1, column 3)				0	
7	Less transmission expenses included as OATY Auxiliary 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)				0.0000	
10	Percentage of transmission plant included in LG&E ENERGY LLC Rates (line 5)	TP%			0.0000	
11	Percentage of transmission expenses included in LG&E ENERGY LLC Rates (line 9 times line 10)	TP%			0.0000	
WAGE & SALARY ALLOCATOR (W&S)						
Form 1 Subcategory						
12	Production	\$54,164	0	0.00		
13	Transmission	\$54,194	0	0.00		
14	Distribution	\$54,204	0	0.00		
15	Other	\$54,21, 22, 23, 24	0	0.00		
16	Total (sum lines 12-15)		0	0.00	0.0000	= WS
COMMON PLANT ALLOCATOR (CP) (Note O)						
17	Electric	201.34	0			
18	Gas	201.34	0			
19	Water	201.34	0			
20	Total (sum lines 17-19)		0		0.0000	= CP
RETURN (R)						
21	Long Term Interest (117, sum of 56 through 63)				0	
22	Preferred Dividends (118, 216) (positive number)				0	
Development of Common Stock						
23	Proprietary Capital (112, 134)				0	
24	Less Preferred Stock (line 21)				0	
25	Less Account 216.1 (112, 124) (enter negative)				0	
26	Common Stock (sum of lines 23-25)				0	
27	Long Term Debt (112, sum of 17 through 20)				0	
28	Preferred Stock (112, 34)				0	
29	Common Stock (line 26)				0	
30	Total (sum lines 27-29)				0	
REVENUE CREDITS						
ACCOUNT 447 (SALES FOR RESALE) (312-311) (Note G)						
31	a. Bundling Non-FQ Sales for Resale (3134)				0	
32	b. Bundling Sales for Resale included in Divisor on page 1				0	
33	Total of (a)-(b)				0	
34	ACCOUNT 454 (GENT FROM ELECTRIC PROPERTY) (Note H)				0	
ACCOUNT 456 (OTHER ELECTRIC REVENUES) (308en)						
35	a. Transmission charges for all transmission transactions				0	
36	b. Transmission charges for all transmission included in Divisor on Page 1				0	
37	Total of (a)-(b)				0	

ATTACHMENT O
RATE FORMULAE FOR POINT TO POINT TRANSMISSION SERVICE

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.

ATTACHMENT P
~~FUNCTIONS OF THE RELIABILITY COORDINATOR AND THE ITO~~RESERVED

~~1~~ OVERVIEW

- ~~1.1~~ This Attachment P sets forth the functions and responsibilities of the Independent Transmission Organization (“ITO”), the Reliability Coordinator (“Reliability Coordinator”) and the Transmission Owner, and includes a description of certain relationships between and amongst the ITO, the Reliability Coordinator, the Transmission Owner, generator owners, load serving entities and other Tariff Participants. This Attachment P will be the governing document in describing and delineating the responsibilities among the Transmission Owner, the ITO, and the Reliability Coordinator.¹⁶
- ~~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 in this Attachment P. The specific division of functions between, and responsibilities of, the ITO, the Reliability Coordinator and the Transmission Owner are set forth in this Attachment P.
- ~~1.3~~ The Transmission Owner and ITO have entered into a contract which specifies all of the functions and responsibilities of the ITO and the terms and conditions upon which the ITO will perform such functions and responsibilities (the “ITO Agreement”). This Attachment P is intended solely as a delineation of functions and responsibilities between and amongst the ITO, the Reliability Coordinator and the Transmission Owner, and as a description of certain relationships between and amongst the ITO, the Reliability Coordinator, the Transmission Owner, generator owners, load serving entities and other Tariff Participants. For the avoidance of doubt, the ITO Agreement, which is attached hereto as Attachment Q to the Tariff, is attached for informational purposes only.
- ~~1.4~~ The Transmission Owner and Reliability Coordinator have entered into a contract which specifies all of the functions and responsibilities of the Reliability Coordinator and the terms and conditions upon which the Reliability Coordinator will perform such functions and responsibilities (the “RC Agreement”). This Attachment P is intended solely as a delineation of functions and responsibilities between and amongst the Reliability Coordinator, the ITO and the Transmission Owner, and as a description of certain relationships between and amongst the ITO, the Reliability Coordinator, the Transmission Owner, generator owners, load serving entities and other Tariff Participants. For the avoidance of doubt, the RC Agreement, which is attached hereto as Attachment Q to the Tariff, is attached for informational purposes only.

¹⁶ Notwithstanding Section 1.1 of this Attachment P, TVA as the Reliability Coordinator is not subject to FERC jurisdiction.

~~1.5~~ Nothing in this Attachment P precludes the ITO or Reliability Coordinator from performing the same or similar functions for other entities under a separate contract or expanding to a larger regional entity, provided that the Transmission Owner is reimbursed by the ITO or Reliability Coordinator, as the case may be, in an equitable manner for any capital expenditures or operation and maintenance expenditures made by the ITO or Reliability Coordinator pursuant to this Attachment P to the extent to which the ITO or Reliability Coordinator uses such capital expenditures or operation and maintenance expenditures in connection with such contract or expansion, and provided further that the ITO's or Reliability Coordinator's performance of such additional functions does not breach its duties and responsibilities set forth in this Attachment P.

~~2.~~ DEFINITIONS

~~The capitalized terms used in this Attachment P shall have the meanings assigned to them below or, if not specifically defined in this Attachment P, shall have the meanings assigned to them elsewhere in the Tariff.~~

~~2.1~~ **Annual Plan** shall mean the plan developed pursuant to Section 3.3.3 of this Attachment P and Appendix 2 to this Attachment P.

~~2.2~~ **ATC** shall mean Available Transfer Capability.

~~2.3~~ **ATC Methodology** shall mean the criteria, standards, and procedures used to calculate ATC values as set forth in the following: (i) the Tariff provisions applicable to ATC calculations, including Attachment C to the Tariff; (ii) applicable NERC and Regional Reliability Council standards, and NAESB business practices; (iii) the Transmission Owner's ATC Procedures that are provided to the ITO for posting on OASIS pursuant to Appendix 1 to this Attachment P; and (iv) the Transmission Owner's local reliability criteria provided to the ITO for posting on OASIS pursuant to Appendix 1 to this Attachment P.

~~2.4~~ **Balancing Authority** shall mean the entity responsible for maintaining load/resource balance within the Balancing Authority Area, as described in the NERC Reliability Functional Model Version 2. The Transmission Owner and the ITO shall divide the responsibilities of the Balancing Authority as provided in Appendix 5 of this Attachment P.

~~2.5~~ **Balancing Authority Area** shall mean the collection of generation, transmission, and loads within the metered boundaries managed by the Balancing Authority. Balancing Authority Area is generally synonymous with Control Area under the Tariff.

~~2.6~~ **Base Case Model** shall mean current power flow models representing the Transmission System used for reliability assessments, TSR studies, Interconnection Studies, and transmission planning and economic studies. When used in the context of TSR studies and Interconnection Studies, "Base Case Model"

refers to the annual, seasonal, monthly, or other power flow models used by the ITO to evaluate the respective TSRs or Interconnection Requests. When used in the context of transmission planning, “Base Case Model” refers to the annual and seasonal power flow model described in Appendix 1 to this Attachment P.

- ~~2.7 — **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 Regional Reliability Council standards; (iii) the Transmission Owner’s business practices related to Facilities Studies that are provided to the ITO for posting on OASIS pursuant to Appendix 1 to this Attachment P; and (iv) the Transmission Owner’s local reliability criteria that are provided to the ITO for posting on OASIS pursuant to Appendix 1 to this Attachment P.~~
- ~~2.8 — **FPA** shall mean the Federal Power Act, 16 USC § 824, *et seq.*~~
- ~~2.9 — **Independent** shall mean: (a) with respect to the ITO, its employees, or designees, that the ITO, its employees, and designees are not subject to the control of the Transmission Owner, any of its Affiliates or any Tariff Participant, and have full decision-making authority to perform all of the functions and responsibilities assigned to them under this Attachment P; and (b) with respect to the Reliability Coordinator and its employees, that the Reliability Coordinator and its employees are not subject to the control of the Transmission Owner or any of its Affiliates, and have full decision-making authority to perform all of the functions and responsibilities assigned to them under this Attachment P.~~
- ~~2.10 — **Interconnection Request** shall mean any Interconnection Request made under the LGIP or SGIP.~~
- ~~2.11 — **Interconnection SIS** shall mean the interconnection System Impact Study required under the LGIP or SGIP.~~
- ~~2.12 — **Interconnection Study(ies)** shall mean studies required to interconnect new generation to the Transmission System under FERC Order Nos. 2003 and 2006.~~
- ~~2.13 — **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 Regional Reliability Council standards; (iii) the Transmission Owner’s business practices related to Interconnection Studies that are provided to the ITO for posting on OASIS pursuant to Appendix 1 to this Attachment P; and (iv) the Transmission Owner’s local reliability criteria that are provided to the ITO for posting on OASIS pursuant to Appendix 1 to this Attachment P.~~

- ~~2.14—JRCA means the Tennessee Valley Authority’s (“TVA’s”) Joint Reliability Coordination Agreement between TVA, the Midwest ISO and PJM Interconnection, LLC, as may be amended from time to time.~~
- ~~2.15—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.~~
- ~~2.16—LGIP shall mean the Standard Large Generator Interconnection Procedures under Attachment J to the Tariff.~~
- ~~2.17—Long Term TSRs shall mean TSRs that are for a term of one year or greater in duration.~~
- ~~2.18—Market Participant shall have the meaning given to such term in 18 CFR § (b)(2) of FERC’s regulations.~~
- ~~2.19—NERC shall mean the North American Electric Reliability Corporation or any successor organization.~~
- ~~2.20—NERC Reliability Standards shall mean the NERC approved Version 0 reliability standards, compiled in a document titled “Reliability Standards for the Bulk Electric Systems of North America,” dated February 7, 2006, as may be amended or superseded from time to time.~~
- ~~2.21—Planning Criteria shall mean the criteria, standards, and procedures used in developing the Annual Plan as set forth Attachment K to the Tariff, as such is accepted for filing by FERC.~~
- ~~2.22—Regional Reliability Council shall mean any one of the eight current NERC Regional Reliability Councils with jurisdiction over the Balancing Authority Area, including ReliabilityFirst Corporation, or its successor.~~
- ~~2.23—Short Term TSRs shall mean TSRs that are for a term less than one year in duration.~~
- ~~2.24—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 TSR.~~
- ~~2.25—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 Regional Reliability Council standards; (iii) the Transmission Owner’s business practices related to SISs that are provided to the ITO for posting on OASIS pursuant to Appendix 1 to this Attachment P; and (iv) the Transmission Owner’s local reliability criteria that are provided to the ITO for posting on OASIS pursuant to Appendix 1 this Attachment P.~~

- ~~2.26~~ ~~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.
- ~~2.27~~ ~~SGIP~~ shall mean the Standard Small Generator Interconnection Procedures under Attachment K to the Tariff.
- ~~2.28~~ ~~Transmission Loading Relief (“TLR”)~~ means actions such as Transmission System reconfiguration, generator redispatch, or load shedding, consistent with the NERC Reliability Standards.
- ~~2.29~~ ~~Tariff Participant~~ shall mean the Transmission Owner’s Transmission Customers, Interconnection Customers, wholesale customers, Affected Systems, Market Participants and similarly qualified third parties within the Balancing Authority Area.
- ~~2.30~~ ~~Transmission Planning Conference~~ shall mean the annual stakeholder meeting conducted by the ITO to gather input and feedback on the planning process and Annual Plan.
- ~~2.31~~ ~~Transmission Study Criteria~~ shall mean the ATC Methodology, the SIS Criteria, and the Facilities Study Criteria.
- ~~2.32~~ ~~Transmission Service Request (“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.
- ~~2.33~~ ~~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 Appendix 1 to this Attachment P.

~~3~~ ~~FUNCTIONS OF THE ITO~~

~~3.3~~ ~~Independence~~

- ~~3.1.1~~ The ITO and its employees and designees (i) shall be Independent of and (ii) shall not discriminate against the Transmission Owner, any of its Affiliates and any Tariff Participant. Any ITO employee or designee owning securities in the Transmission Owner, or its Affiliates or any Tariff Participant shall divest such securities within six (6) months of first being assigned to perform ITO functions or responsibilities, provided that ITO employees and designees shall be entitled to indirectly own securities issued by the Transmission Owner, 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 ITO employee or designee does not control the purchase or sale of such securities, provided further that participation by an ITO employee or designee in a pension plan of the Transmission Owner, 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 ITO employee's or designee's ownership of the securities. No ITO employees or designees shall be employed by the Transmission Owner or any of its Affiliates.~~

~~**3.1.2**—All employees and designees of the ITO performing functions and responsibilities under this Attachment P shall be treated, for the purposes of FERC's Standards of Conduct set forth at 18 CFR Part 358, as transmission employees of the Transmission Owner, and all restrictions related to information sharing and other relationships between merchant employees of the Transmission Owner and/or its Affiliates and transmission employees of the Transmission Owner and/or its Affiliates shall apply to the employees and designees of the ITO.~~

~~**3.1.3**—The ITO shall perform its functions and responsibilities under this Attachment P: (i) in accordance with (A) Good Utility Practice, (B) the Transmission Owner's specific requirements and operating guidelines (to the extent these are not inconsistent with other requirements specified in this Attachment P), (C) the Tariff, and (D) all applicable laws and the requirements of federal and state regulatory authorities; and (ii) in an Independent, fair, and nondiscriminatory manner.~~

~~**3.1.4**—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. The ITO and its employees 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.~~

~~**3.1.5**—In order to carry out its functions and responsibilities under this Attachment P, the ITO will have complete access to all data and information prepared by or on behalf of or generated for the Transmission Owner's transmission operations personnel that the ITO requests and that the ITO believes is necessary to perform its functions and responsibilities under this Attachment P, subject to appropriate confidentiality provisions. To the extent that the ITO requires access to data or information obtained by the Transmission Owner from other Tariff 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.

~~3.2 General Functions~~

~~3.2.1 The general functions and responsibilities of the ITO are described in this Section 3.2. A more detailed description of the functions and responsibilities of the ITO, the Reliability Coordinator and the Transmission Owner is provided in Appendices 1-5 to this Attachment P.~~

~~3.2.2 The ITO shall have experience and expertise appropriate to the performance of its functions and responsibilities under this Attachment P, including the analysis of Transmission System operations and open access regulatory requirements.~~

~~3.2.3 All functions and responsibilities of the ITO shall be performed by ITO employees or designees of the ITO, and the ITO shall retain full responsibility and authority for any act or omission of such designees.~~

~~3.2.4 The ITO shall administer the terms and conditions of the Tariff.~~

~~3.2.5 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 Good 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 division of responsibilities for evaluation and approval of TSRs is defined in Appendix 1 of this Attachment.~~

~~3.2.6 The ITO, in consultation with the Transmission Owner, the Reliability Coordinator, and Tariff Participants, shall develop and revise, as appropriate, operating procedures governing the ITO's exercise of its functions and responsibilities in this Attachment P ("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 Operating Procedures should not be made publicly available for security reasons consistent with FERC's regulations regarding Critical Energy Infrastructure Information.~~

~~3.2.7 The ITO shall develop procedures for ensuring the confidentiality of any confidential information or materials made available to the ITO by the Transmission Owner or any Tariff Participant, including information or materials that include or comprise Critical Energy Infrastructure Information.~~

~~3.2.8 The ITO shall post any information it possesses regarding proposed changes to the Tariff not later than fifteen (15) days prior to the~~

~~Transmission Owner's 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.~~

~~3.2.9 The ITO shall propose Tariff changes to the Transmission Owner to the extent necessary to carry out its responsibilities and functions under this Attachment P. The ITO shall submit bi-annual reports to the Transmission Owner proposing such changes (if any). The ITO shall promptly post these reports on OASIS. The Transmission Owner shall file such Tariff changes under Section 205 of the FPA to the extent the Transmission Owner, in its sole discretion, determines that such Tariff changes are appropriate. If 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 under Section 206 of the FPA, including a statement of their respective positions regarding the Tariff change.~~

~~3.2.10 The ITO shall coordinate and cooperate with the Reliability Coordinator and provide any information that the Reliability Coordinator may reasonably request in order to carry out its functions under the RC Agreement, subject to any applicable confidentiality requirements.~~

~~3.2.11 The ITO shall report in writing to FERC every six (6) months (commencing on the six-month anniversary of the effective date of the Tariff and every six (6) months thereafter) to address (i) any concerns expressed by stakeholders and the ITO's response to same and (ii) any issues or Tariff provisions that hinder the ITO from performing its functions and responsibilities under this Attachment P and the other provisions of the Tariff.~~

~~3.2.12 In addition to the reports provided for in Section 3.2.12, the ITO shall make such other reports to FERC and Transmission Owner's retail regulators as may be required by applicable law and regulations or as may be requested by such authorities.~~

~~3.3 Planning Function~~

~~3.3.1 The ITO shall have ultimate review and approval authority over all planning activities discussed in the Tariff, including those listed in Appendix 2 of this Attachment P. This includes review and approval authority over transmission plans, the development of models, planning criteria, study criteria, plans, studies, the methodology for calculating ATC, and any inputs or numerical values provided by the Transmission Owner. The ITO shall carry out its duties under the Planning Function in a manner that ensures that transmission planning on the Transmission Owner's system is done on an independent, non-discriminatory basis.~~

~~3.3.2 All planning shall conform to applicable NERC Reliability Standards, applicable Regional Reliability Council standards, Transmission Owner's specific reliability requirements and operating guidelines, and all applicable~~

~~requirements of federal or state laws or regulatory authorities. Such planning shall seek to minimize costs, consistent with the reliability and other requirements set forth in the Tariff.~~

~~3.3.3 The ITO shall conduct an open stakeholder process through which issues and concerns of stakeholders related to the Annual Plan can be received and considered. This process shall include an open Transmission Planning Conference to gather stakeholder input for consideration in the planning process. The focus of this stakeholder process will be those issues or concerns related to the provision of Transmission Service and Interconnection Service under the Tariff.~~

~~4~~ **THE FUNCTIONS OF THE RELIABILITY COORDINATOR**

~~4.1~~ Independence.

~~4.1.1 The Reliability Coordinator and its employees shall be Independent of the Transmission Owner and any of its Affiliates. Any Reliability Coordinator employee owning securities in the Transmission Owner or its Affiliates shall divest such securities within six (6) months of first being assigned to perform Reliability Coordinator functions or responsibilities, provided that Reliability Coordinator employees shall be entitled to indirectly own 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 Reliability Coordinator employee does not control the purchase or sale of such securities, provided further that participation by a Reliability Coordinator employee 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 ownership of the securities. No Reliability Coordinator employees shall be employed by the Transmission Owner or any of its Affiliates.~~

~~4.1.2 All employees of the Reliability Coordinator performing functions and responsibilities under this Attachment P shall be treated, for purposes of the FERC's Standards of Conduct, as transmission 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.~~

~~4.1.3 The Reliability Coordinator will perform its functions 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 4.1.3); 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.~~

~~4.1.4—Employees of the Reliability Coordinator performing the Reliability Coordinator 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 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.~~

~~4.2—General Functions~~

~~4.2.1—The general functions of the Reliability Coordinator are described in this Section 4.2. A more detailed description of the functions and responsibilities of the Reliability Coordinator, the ITO and the Transmission Owner is provided in Appendices 1-5 to this Attachment P.~~

~~4.2.2—In its capacity as Reliability Coordinator, the Reliability Coordinator shall coordinate and cooperate with the ITO and Transmission Owner and provide any information that the ITO or Transmission Owner may reasonably need to carry out its functions, as may be requested. Such information provided to the Reliability Coordinator will be kept confidential in accordance with terms herein.~~

~~4.3—Reporting; Audit. 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.~~

~~5—GENERAL RESPONSIBILITIES OF THE TRANSMISSION OWNER, GENERATION OWNERS AND LOAD SERVING ENTITIES~~

~~5.1—The Transmission Owner shall perform its functions and responsibilities under this Attachment P in accordance with Good Utility Practice and all applicable laws and the requirements of federal and state regulatory authorities.~~

~~5.2—Nothing in this Attachment P 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.

~~5.3~~—The Transmission Owner shall have sole authority to file with FERC changes to the Tariff, including this Attachment P, pursuant to Section 205 of the FPA, subject to the terms of the ITO Agreement and/or the Reliability Coordinator Agreement. The Transmission Owner shall provide thirty (30) days notice to the ITO and/or the Reliability Coordinator, as applicable, regarding any such changes.

~~5.4~~—Generation owners shall provide the ITO with such 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 functions and responsibilities under this Attachment P, including any redispatch information required under Section 19.3 of the Tariff.

~~5.5~~—Generation owners shall submit and coordinate unit schedules as necessary to permit the ITO to assess TTC and transmission reliability.

~~5.6~~—Load serving entities shall submit, on an annual basis, data concerning projected loads, designated network resources, generation and transmission maintenance schedules, and such other operating data as the ITO may require to perform its functions and responsibilities under this Attachment P.

~~6~~—DISPUTE RESOLUTION

~~—Any dispute, claim or controversy amongst the Transmission Owner, the ITO and the Reliability Coordinator involving the division of responsibility as set forth in this Attachment P and/or related to the ITO Agreement or the RC Agreement, as set forth in Attachment Q to the Tariff, (each, a “Dispute”) shall be resolved in accordance with the procedures set forth in this Section 6 to Attachment P. For the avoidance of doubt, any dispute between the ITO and the Transmission Owner or between the Reliability Coordinator and the Transmission Owner shall be resolved pursuant to the dispute resolution provisions of the ITO Agreement or the RC Agreement, respectively.~~

~~6.1~~—Notice of Dispute. In the event of a Dispute under this Section 6 of Attachment P any party to the Dispute may provide written notice to the other parties to the Dispute, including a description of the nature of the Dispute.

~~6.2~~—Dispute Resolution by Representatives. The parties to the Dispute shall first refer the Dispute to their respective representatives who shall negotiate in good faith to resolve the Dispute.

~~6.3~~—Dispute Resolution by Executive Management Representatives. If the Dispute is not resolved within fifteen (15) days of being referred to the disputing parties’ representatives pursuant to Section 6.2 of this Attachment P, then each party shall have five (5) days to appoint an executive management representative who shall negotiate in good faith to resolve the Dispute.

- ~~6.4—Dispute Resolution by Mediation. If the parties' executive management representatives are unable to resolve the Dispute within thirty (30) days of their appointment, the parties shall proceed in good faith to submit the matter to a mediator mutually acceptable to the disputing parties. The parties will share equally in the cost of such mediation, which will be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association.~~
- ~~6.5—Arbitration. If the parties are unable to resolve the Dispute within thirty (30) days after the appointment of a mediator pursuant to Section 6.4 of this Attachment P, then the Dispute will be resolved according to the provisions for arbitration and any other remedies as outlined in this Section 6.5 of Attachment P.~~
- ~~6.5.1—Choice of Arbitrator(s). Any arbitration initiated under Section 6.5 of Attachment P shall be conducted before a single neutral arbitrator appointed by the disputing parties. If the disputing parties fail to agree upon a single arbitrator within ten (10) days of the referral of the Dispute to arbitration, each disputing party shall choose one arbitrator who shall sit on a three member arbitration panel. The arbitrator(s) shall provide each of the disputing 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.~~
- ~~6.5.2—Arbitration Decisions. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the disputing parties in writing of such decision and the reasons therefore. The decision of the arbitrator(s) shall be final and binding upon the disputing parties, and judgment on the award may be entered in any court having jurisdiction; provided, to the extent the final decision of the arbitrator(s) affects jurisdictional rates, terms and conditions of service or facilities, it must also be filed with the FERC consistent with applicable law, and its effectiveness is contingent upon applicable filing and acceptance provisions of applicable law, if any. 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.~~
- ~~6.5.3—Costs. Each disputing party shall be responsible for its own costs incurred during the arbitration process and for the cost of the arbitrator chosen by the disputing party to sit on the three member panel or, if applicable, one third of the cost of the single arbitrator jointly chosen by the disputing parties.~~
- ~~6.6—Interim Measures Pending Resolution. Pending resolution of any dispute raised under this Section 6, the parties' positions will prevail as follows. These are only meant to be interim measures, shall not implicate a final outcome of Dispute Resolution taken under this Section 6.~~

~~6.6.1—In a dispute among the Parties, or between the ITO and the Reliability Coordinator involving matters for which the Transmission Owner has authority to provide inputs, the Transmission Owner’s position should control pending outcome of the dispute resolution process.~~

~~6.6.2—In a dispute among the Parties, or between the ITO and the Reliability Coordinator involving matters for which the Transmission Owner does not have authority to provide inputs, and the dispute concerns matters which, under this Attachment P, the Reliability Coordinator has final review and approval authority, the Reliability Coordinator’s position should control pending outcome of the dispute resolution process.~~

~~6.6.3—In a dispute among the Parties, or between the ITO and the Reliability Coordinator involving matters for which the Transmission Owner does not have authority to provide inputs, and the dispute concerns matters which, under this Attachment P, the ITO has final review and approval authority, the ITO’s position should control pending outcome of the dispute resolution process.~~

Appendix 1

Division of Responsibility for Transmission Service and Interchange

The coordination between and amongst the ITO, the Reliability Coordinator and the Transmission Owner with respect to processing and evaluation of TSRs shall be as provided for in this Appendix 1. As the Tariff administrator for the Transmission Owner, the ITO has ultimate authority over all TSRs and is the lead entity for the evaluation of any TSR.

~~1. ITO Responsibility~~—The responsibilities of the ITO in respect of the processing and evaluating TSRs will be performed on a non-discriminatory basis consistent with the TSR Processing and Transmission Study Criteria, and include the following:

- ~~• Maintaining commercial interface for receiving and confirming requests for transmission service according to the requirements of the Tariff (e.g. OASIS);~~
- ~~• Calculating and posting ATC and TTC consistent with the Tariff, NERC standards, and NAESB business practices;~~
- ~~• 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;~~
- ~~• Approving or denying TSRs;~~
- ~~• Providing and executing SIS Agreements, and Facilities Studies Agreements;~~
- ~~• Performing SISs as necessary to evaluate whether sufficient transmission capability exists to accommodate a TSR, what additional facilities might be required to allow the granting of a TSR (subject to further review in a Facilities Study), redispatch options (when requested by a customer), and conditional curtailment options (when requested by a customer);~~
- ~~• 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 via OASIS;~~
- ~~• 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 applicable confidentiality requirements.

- 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 Attachment P;
- Responding to inquiries by Transmission Customers regarding TSRs concerning the functions performed by the ITO as set forth in Attachment P;
- 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;
- Developing and managing computer software that automates the process for evaluating Transmission Service Requests in an independent and nondiscriminatory manner;
- Billing and normal collection/payment of the applicable charges/invoices for SIS and Facilities Studies; and
- Consistent with the Tariff, the ITO will notify Transmission Customers of curtailments and interruptions of TSRs.

2 Transmission Owner Responsibility—The responsibilities of the Transmission Owner in respect of the processing and evaluation of TSRs include the following:

- 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 ITO and the Transmission Customer;
- Performing Facilities Studies;
- Billing and collecting the applicable charges for Transmission Service under the Tariff and Ancillary Services under Schedules 1-6 and 9 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 (iii) the Transmission Owner's local reliability criteria.

3 TSR Processing Criteria—As the Tariff administrator, the ITO has ultimate approval authority over all TSRs Processing Criteria. The TSR Processing Criteria shall be developed as follows:

3.1 Base Case Model Development: Once the Base Case Model 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.~~

~~**3.1.1**—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 and Attachment K to the OATT.~~

~~**3.2**—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 is described below.~~

~~System Impact Study~~

~~**3.2.1**—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 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.~~

~~**3.2.2**—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. Any such delegation of responsibilities by the ITO will be to entities that are Independent of the Transmission Owner and other Market Participants. To perform the SIS, the ITO will use the current set of applicable Base Case Models. 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.~~

- ~~3.2.3—The ITO will provide the Transmission Owner (and/or any affected thirdparty 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.~~
- ~~3.2.4—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 as soon as the SIS is complete, and will 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.~~
- ~~3.2.5—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 if the Transmission Customer elects to undertake such a study.~~

Facilities Study

- ~~3.2.6~~—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. 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.
- ~~3.2.7~~—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.
- ~~3.2.8~~—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.
- ~~3.2.9~~—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.~~

~~**3.2.10** 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.~~

~~**3.3** — **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 Appendix 1 of this Attachment.~~

~~**4** — **Transmission Hoarding**~~

~~**4.1** — To guard against hoarding of transmission capacity by Market Participants, the ITO will perform a monthly assessment of unscheduled reservations and redirected capacity. Recurring instances of unused and redirected transmission reservations and instances in which scheduling practices have potentially detrimental market significance will be documented and provided to the FERC in the semiannual ITO report.~~

Appendix 2

Division of Responsibilities for the Planning Function

Overview

This Appendix 2 of Attachment P of the Tariff is designed to provide a division of responsibilities between the Transmission Owner, the ITO and the Reliability Coordinator.

Long-term Transmission Planning for the Transmission Owner's footprint will be conducted as an iterative process as follows: 1) the Transmission Owner will develop the long-term Annual Transmission Plan ("Annual Plan") and submit the Annual Plan to the ITO for initial approval; 2) the ITO will review and conduct an engineering assessment of the Annual Plan; and if it is approved, the ITO will submit the Annual Plan to the Reliability Coordinator; 3) the Reliability Coordinator will conduct a regional assessment of the Annual Plan, subject to the conditions below; and 4) the Reliability Coordinator will submit any changes to the Annual Plan based on its regional assessment to the ITO for final review and approval. The ITO will ensure that transmission planning on the Transmission Owner's system is done on an independent, nondiscriminatory basis. This process is further detailed below.

1. Plan Development by the Transmission Owner

The Transmission Owner will be responsible for the following tasks:

1.1 System Models for Transmission Planning. The Transmission Owner will develop and maintain all transmission and resource (demand and capacity) system models, to evaluate Transmission System performance and resource adequacy. As part of these duties the Transmission Owner is responsible for:

1.1.1 Creating the Base Case Model for the Transmission System. The Base Case 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 Base Case Model will be developed pursuant to the modeling procedures used in developing the NERC multi-regional and Reliability *First* regional models.

1.1.2 Providing the Base Case Model to the ITO for review and approval according to the iterative process outlined in the overview to this Appendix 2.

1.1.3 Maintaining other transmission models including, but not limited to steady-state, dynamic and short-circuit models.

~~1.2 — Assess, develop, and document Resource and Transmission Expansion plans.~~

~~The Transmission Owner will assess, develop, and document resource and transmission Expansion plans including the Annual Plan. These plans include the following responsibilities:~~

~~1.2.1 — Maintaining and applying methodologies and appropriate tools for the development, analysis and simulation of the Transmission System in the assessment and development of transmission expansion plans and the analysis and development of resource adequacy plans.~~

~~1.2.2 — Developing a long-term (generally one year and beyond) plan for the reliability (adequacy) of the Transmission System.~~

~~1.2.3 — Defining system protection and control needs and requirements, including special protection systems (remedial action schemes), to meet reliability standards.~~

~~1.2.4 — Developing and reporting, as appropriate, on the Annual Plan for assessment and compliance with reliability standards.~~

~~1.2.5 — Monitoring and reporting, as appropriate, its Annual Plan implementation.~~

~~1.3 — Information. The Transmission Owner will define, collect and develop information required for planning purposes, including:~~

~~1.3.1 — Transmission facility characteristics and ratings. Collect and maintain specific transmission information regarding characteristics of transmission facilities, lines, equipment, and methodologies, for determining the appropriate thermal ratings of circuits and transformers, including information on transmission line design temperature, voltage and stability limits and other transformer test data.~~

~~1.3.2 — Demand and energy end-use customer forecasts, capacity resources, and demand response programs. Including:~~

~~i. — 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 noncoincident peak demands and power factor at each delivery point;~~

~~ii. — Plans for new delivery points for the following ten (10) years;~~

~~iii. — Resource plans for the following ten (10) years;~~

~~iv. — Expectations for market access to on- and off-system generation resources;~~

~~v. All planned on-system distributed generation resources; and vi. Information on all interruptible loads.~~

~~**1.3.3. Generator unit performance characteristics and capabilities.** The Transmission Owner 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 for performance of its various functions. The Transmission Owner shall submit and coordinate generator unit schedules as necessary to permit the ITO to assess transmission transfer capability and to permit the Reliability Coordinator to assess transmission reliability. The Transmission Owner 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 for performance its various functions.~~

~~**1.3.4 Long-term capacity purchases and sales.** The Transmission Owner will maintain a list of all long-term capacity purchases and sales and include this information in its model development and the Annual Plan.~~

~~2 ITO Review and Assessment~~

~~The ITO will be responsible for the following tasks:~~

~~**2.1** Independently reviewing and approving the Transmission Owner's Planning Criteria. 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 ensure that the final versions of the Planning Criteria are posted on OASIS;~~

~~**2.2** Reviewing and approving Transmission Owner's Base Case Model; reviewing, evaluating, and commenting on the Annual Plan as developed by the Transmission Owner. This review and evaluation will be based on all applicable planning criteria and statewide or multi-state transmission planning requirements;~~

~~**2.3** Monitoring the Transmission Owner's transmission facility ratings based on access to data necessary to evaluate such ratings;~~

~~**2.4** Performing an Independent assessment of the Transmission System using the Planning Criteria and the Base Case Model. As part of this assessment, the ITO 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;~~

~~**2.5** Holding a Transmission Planning Conference to gather input and consider the planning process and the Transmission Owner's Annual Plan; and~~

~~2.6~~ — Providing the Transmission Owner with its conclusions regarding the reliability assessment and evaluation of the Annual Plan, including any outstanding issues that the ITO believes the Transmission Owner should address. The Transmission Owner will have the opportunity to review the ITO's conclusions and may submit a revised Annual Plan and supporting documentation to the ITO to address any outstanding issues. Once the Annual Plan has been finalized by the Transmission Owner, the ITO will submit the Annual Plan to the Reliability Coordinator for regional coordination.

~~3~~ — **Regional Coordination**

~~—~~ The Reliability Coordinator will be responsible for the following tasks:

~~3.1~~ — Integrating and verifying that the respective plans for the regional area meet reliability standards.

~~3.2~~ — Identifying and reporting on potential Transmission System and resource adequacy deficiencies in the regional area, and providing alternate plans that mitigate these deficiencies.

~~3.3~~ — Reviewing and reporting, as appropriate, on the Transmission Owner's Annual Plan for assessment and compliance with reliability standards within their regional area.

~~3.4~~ — Notifying impacted transmission entities within their regional area of any planned transmission changes that may impact their facilities.

~~3.5~~ — Submitting Annual Plan, including any changes based on the regional coordination, to the ITO for final approval.

~~4~~ — **Final Review and Assessment**

~~4.1~~ — The ITO shall have final review and assessment of all plans. If the ITO cannot approve a plan after regional coordination, then the ITO will return the plan to the Transmission Owner for further development as appropriate. The process for final approval of any previously rejected plan will follow the same iterative process as outlined above.

~~4.2~~ — The ITO will post the Transmission Owner's finalized Annual Plan on OASIS.

~~5~~ — **Implementation of Plan and Construction of Upgrades**

~~5.1~~ — The Transmission Owner is responsible for the implementation of the Annual Plan. The Transmission Owner will make a good faith effort to design, certify, and build facilities approved by the ITO in the Annual Plan.

~~5.2~~ — In the case where the Reliability Coordinator or the ITO does not agree with the Annual Plan, nothing in this Attachment P shall prevent the Transmission Owner from constructing those facilities it deems necessary to reliably meet its obligation to serve its Network Customers, its Native Load Customers and its Transmission Customers taking Point to Point Transmission Service.

Appendix 3

Division of Responsibilities for Generator Interconnections

The coordination between and amongst the ITO, the Reliability Coordinator and the Transmission Owner with respect to processing and evaluation of Interconnection Requests shall be as provided for in this Appendix 3. As the Tariff administrator for the Transmission Owner, the ITO has ultimate authority over all Interconnection Requests and is the lead entity for the evaluation of any Interconnection Request.

- ~~1~~ ITO Duties and Responsibilities: The ITO shall process all Interconnection Requests and perform Interconnection Studies in a non-discriminatory manner in accordance with the LGIP and SGIP and the Transmission Owner's Interconnection Study Criteria. Sole authority to grant or deny requests for generation interconnections are the exclusive responsibility of the ITO, and cannot be delegated to any other parties described herein. 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 Interconnection Studies associated with Interconnection Requests, and development of the Transmission System modeling process, software, and assumptions used to evaluate Interconnection Requests. The ITO's responsibilities in processing and evaluating Interconnection Requests include the following:
 - ~~1.1~~ Entering into and filing all Interconnection Facilities Study Agreements, LGIA, and SGIAs in accordance with the Tariff;
 - ~~1.2~~ Collecting from the Interconnection Customer, the Transmission Owner and the Reliability Coordinator all necessary information for the processing and evaluation of each Interconnection Request;
 - ~~1.3~~ Determining that all preconditions necessary for a valid Interconnection Request have been met;
 - ~~1.4~~ Performing Interconnection Feasibility Studies, Interconnection SISs, and Optional Interconnection Studies and coordinating such studies with Affected Systems;
 - ~~1.5~~ Maintaining and administering a queue for Interconnection Study requests;
 - ~~1.6~~ Posting on the Transmission Owner's OASIS a list of Interconnection Requests and related information as required under the LGIP and SGIP;
 - ~~1.7~~ Providing and executing Interconnection Study Agreements and Facilities Study Agreements;
 - ~~1.8~~ Providing all notices related to the processing and evaluation of an Interconnection Request to the Interconnection Customer;

- ~~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;
 - ~~1.10~~ — Independently reviewing data, information, and analyses, including Interconnection Facilities Studies, provided or performed by the Transmission Owner or the Reliability Coordinator; and
 - ~~1.11~~ — Responding to inquiries by Interconnection Customers.
- ~~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:
 - ~~2.1~~ — Providing data inputs and information required by the ITO;
 - ~~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; (iii) the Transmission Owner’s business practices related to Interconnection Studies; and (iv) the Transmission Owner’s local reliability criteria; and
 - ~~2.3~~ — Performing Interconnection Facilities Studies consistent with Section 5 of this Appendix 3.
- ~~3~~ — Interconnection Studies: 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.
- ~~4~~ — Interconnection Feasibility Study
 - ~~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 4.1 through 4.3 of this Appendix 3. 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.

~~4.2~~ After confirming that all applicable requirements have been met by the Interconnection Customer, the ITO will perform or cause its designee to perform the required Interconnection Feasibility Study, including any Re-Studies. To perform the Interconnection Feasibility Study, the ITO will use the current set of applicable Base Case Models. 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 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 Interconnection Feasibility Study report, and the Transmission Owner will have the opportunity to review and comment on the report.

~~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 therein. 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.

~~5~~ Interconnection System Impact Study

~~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 5 of this Appendix 3. 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.

~~5.2 — After confirming that all applicable requirements have been met by the Interconnection Customer, the ITO shall perform or cause its designee to perform the required Interconnection SIS, including any Re-Studies. To perform the Interconnection SIS, the ITO will use the current set of applicable Base Case Models. The ITO will update the applicable Base Case Models to reflect the 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.~~

~~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.~~

~~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.~~

~~6 — Interconnection Facilities Study~~

~~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 6 of this Appendix 3.~~

~~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.~~

~~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.~~

~~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.~~

~~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 — 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.~~

Appendix 4

Division of Responsibilities for the Reliability Function

The Reliability Coordinator is responsible for bulk transmission reliability and power supply reliability functions. Bulk transmission reliability functions include reliability analysis, loading relief procedures, re-dispatch of generation and ordering curtailment of transactions and/or load. Power supply reliability functions include monitoring Balancing Authority Area performance and ordering the Balancing Authority to take actions, including load curtailment and increasing/decreasing generation in situations where an imbalance between generation and load places the system in jeopardy. The procedures to be followed by the Reliability Coordinator shall be consistent with those of NERC and are spelled out in the NERC Approved Reliability Plan for the TVA Reliability Coordination Area and TVA Standard Procedures and Policies.

1 Reliability Coordinator General Functions:

The Reliability Coordinator shall perform the following functions:

- 1.1** — Serving as NERC designated reliability coordinator and representing the TVA Reliability Area at the NERC and Regional Reliability Council level.
- 1.2** — Implementing applicable NERC and regional reliability criteria initiatives, such as maintaining a connection to NERC's Interregional Security Network ("ISN"), day-ahead load-flow analysis, transmission loading relief procedures, and information exchange.
- 1.3** — Developing and coordinating with the Reliability Coordination Advisory Committee ("RCAC") new Reliability Coordinator Procedures and revisions to existing Reliability Coordinator Procedures.
- 1.4** — Exchanging timely, accurate, and relevant Transmission System information with the Transmission Owner, the ITO, and with other reliability coordinators.
- 1.5** — Developing and maintaining system models and tools needed to perform analysis needed to develop operational plans.
- 1.6** — Coordinating with neighboring reliability coordinators and other operating entities as appropriate to ensure regional reliability.
- 1.7** — Performing all other reliability coordinator functions as required for compliance with applicable NERC Reliability Standards and Regional Reliability Council standards, as the same may be amended or modified from time to time.

2 Real-time Operations:

2.1 Reliability Coordinator Functions:

The Reliability Coordinator shall perform the following functions:

~~2.1.1—Monitoring, analyzing, and coordinating the reliability of the Transmission Owner’s facilities and interfaces with other Balancing Authorities, Transmission Operators, and other reliability coordinators.~~

~~2.1.2—Performing analyses to develop an evaluation of system conditions. The Transmission Owner will provide necessary information (e.g., outages and transactions) and Transmission System conditions, as applicable, to the Reliability Coordinator in accordance with applicable NERC Standards. The results of these analyses will be provided to the Transmission Owner and neighboring reliability coordinators in accordance with applicable NERC Reliability Standards and Regional Reliability Council Standards.~~

~~2.1.3—Determining, directing, and documenting appropriate actions to be taken by the Transmission Owner, the ITO and Reliability Coordinator in accordance with the NERC Reliability Standards, including curtailment of transmission service or energy schedules, re-dispatch of generation and load shedding as necessary to alleviate facility overloads and abnormal voltage conditions, and other circumstances that affect interregional bulk power reliability.~~

~~2.1.4—Coordinating transmission loading relief and voltage correction actions with the Transmission Owner and with other reliability coordinators.~~

~~2.2—**Transmission Owner Responsibilities:**~~

~~The Transmission Owner shall have the following responsibilities:~~

~~2.2.1—Ensuring appropriate telemetry and providing Reliability Coordinator realtime operational information for monitoring.~~

~~2.2.2—Receiving from the Reliability Coordinator all reliability alerts for TVA Reliability Area and neighboring reliability coordinators.~~

~~2.2.3—Following Reliability Coordinator directives for corrective actions (e.g., curtailments or load shedding) during system emergencies or to implement TLR procedures.~~

~~2.2.4—Receiving from Reliability Coordinator all notices regarding Transmission System limitations or other reliability issues, as appropriate~~

~~3—**Forward Operations:**~~

~~3.1—**Reliability Coordinator Functions:**~~

~~The Reliability Coordinator shall perform the following functions:~~

~~3.1.1—Performing analyses and develop an evaluation of expected next day Transmission System operations. The results of these analyses shall be provided to the Transmission Owner, the ITO and neighboring reliability~~

~~coordinators in accordance with applicable NERC Reliability Standards and Regional Reliability Council Standards.~~

~~3.1.2—Performing analysis of planned transmission and generation outages and coordination of outages with NERC, participants in reliability coordination agreements, and other reliability coordinators as appropriate and as required by NERC. This entails analysis and coordination of planned outages which are beyond next day and intra-day outages.~~

~~3.1.3—Analyzing and approving all planned maintenance schedules on facilities 100kV and above and planned maintenance of generation facilities submitted by the Transmission Owner in conjunction with other work on the regional transmission grid to determine the impact of the Transmission Owner's planned maintenance schedule on the reliability of the facilities under TVA's purview as Reliability Coordinator, and the purview of neighboring reliability coordinators, and any other relevant effects; and coordinate impacts on available transfer capability with the ITO.~~

~~3.1.4—Coordinating, as required by either NERC or other agreements, planned maintenance schedules with all adjacent reliability coordination areas and/or Balancing Authority Areas and Transmission Providers; as well as the ITO.~~

3.2—Transmission Owner Responsibilities:

~~The Transmission Owner shall have the following responsibilities:~~

~~3.2.1—Providing generation-related information (e.g., outages and transactions) and expected Transmission System conditions (e.g., transmission facility outages and transactions), as applicable, to the Reliability Coordinator for the next-day operation in accordance with applicable NERC Reliability Standards and Regional Reliability Council standards.~~

~~3.2.2—Submitting facility ratings and operational data for all generators and transmission facilities in the Transmission Owner's footprint.~~

~~3.2.3—Coordinating with the ITO and submitting to the Reliability Coordinator generation dispatch information for the Transmission Owner's footprint and following Reliability Coordinator directives regarding dispatch adjustments to mitigate congestion.~~

~~3.2.4—Submitting to the Reliability Coordinator generation operation plans and commitments for reliability analysis.~~

~~3.2.5—Submitting to the Reliability Coordinator transmission maintenance plans for reliability analysis.~~

~~3.2.6—Following Reliability Coordinator directives to revise transmission maintenance plans as required to ensure grid reliability.~~

~~3.2.7~~ Receiving from Reliability Coordinator all notices regarding reliability analyses for the TVA Reliability Area as well as neighboring reliability coordinators.

~~3.2.8~~ Representing the Transmission Owner on the RCAC and in all RCAC deliberations.

~~4~~ **JRCA Implementation and Regional Congestion Management**

~~For the purposes of this section IV, capitalized terms not defined in the Tariff will have the definitions used in the JRCA and its related Congestion Management Process (“CMP”), unless otherwise noted in this section IV.~~

~~4.1~~ **Reliability Coordinator Functions:**

~~The following functions to be performed by the Reliability Coordinator shall be performed in conjunction with the functions to be performed by the Independent Transmission Operator under the Independent Transmission Organization Agreement and will fully incorporate the Transmission Owner’s operations into the procedures and protocols governing other facilities in the Reliability Coordinator’s Reliability Area in accordance with the provisions of the JRCA:~~

~~4.1.1~~ Identifying of Coordinated Flowgates and determination of flowgates requiring Reciprocal Coordination (twice annually).

~~4.1.2~~ Performing Historic Firm Flow Calculations — implement transmission service reservation set and designated resources provided by the Transmission Owner for established freeze date; calculate historic firm flow values and ratios for all coordinated flowgates on the Transmission Owner’s system (bi-annually).

~~4.1.3~~ Developing reciprocal coordination agreements that establish how each Operating Entity will consider its own flowgates as well as the usage of other Operating Entities when it determines the amount of flowgate or constraint capacity remaining. This process will include both operating horizon determination as well as forward looking capacity allocation.

~~4.1.4~~ Implementing AFC Process — determining AFC attribute requirements; obtaining NNL Impact Data; implementing Allocation Calculation Process; implement AFC calculation process.

~~4.1.5~~ Providing the ITO flowgate AFCs on an hourly basis and flowgate allocations on a daily basis.

~~4.2~~ **Transmission Owner Responsibilities:**

~~The Transmission Owner is obligated to uphold the terms and conditions of the JRCA, and providing the Reliability Coordinator with the information and support it needs in order to carry out its duties under Section 2.3.5 of the JRCA, as Transmission Owner’s Reliability Coordinator. The Transmission Owner shall be~~

responsible for coordinating with the ITO and provide Transmission System data to the Reliability Coordinator including, but not limited to:

~~Operating information:~~

- ~~(i) Transmission Service Reservations;~~
- ~~(ii) Load forecast requirements;~~
- ~~(iii) Flowgates requirements;~~
- ~~(iv) AFC data requirements;~~
- ~~(v) PSSE Models Requirements;~~
- ~~(vi) Designated Network Resources requirements;~~
- ~~(vii) Jointly owned units;~~
- ~~(viii) Dynamic schedules;~~
- ~~(ix) NNL allocations requirements; and,~~
- ~~(x) NNL evaluator requirements.~~

~~Projected operating information:~~

- ~~(i) Unit commitment/merit order;~~
- ~~(ii) Firm purchase and sales (including grandfathered agreements);~~
- ~~(iii) Independent power producer information including current operating level, projected operating levels, scheduled outage start and end dates;~~
- ~~(iv) Planned and actual operational start up dates for any permanently added, removed, or significantly altered transmission segments; and~~
- ~~(v) Planned and actual start up testing and operational start up dates for any permanently added, removed, or significantly altered generation units.~~

~~**4.3 ITO Responsibilities:**~~

~~The ITO shall have the following responsibilities in support of the JRCA, which it will carry out in compliance with the terms of the JRCA:~~

- ~~**4.3.1** Providing to the Reliability Coordinator all transmission facility plans and facility upgrade schedules.~~
- ~~**4.3.2** Providing to the Reliability Coordinator the status of all transmission service requests and all new transmission service agreements.~~
- ~~**4.3.3** Receiving from the Reliability Coordinator all flowgate AFCs on an hourly basis and flowgate allocations on a daily basis.~~
- ~~**4.3.4** Converting flowgate information provided by the Reliability Coordinator to ATC values for posting on OASIS and for analyzing TSRs.~~
- ~~**4.3.5** Implementing CMP business rules for AFC vs. ASTFC.~~

~~4.3.6 Honoring all AFC allocations and AFC over-rides from other CMP participants in the evaluation and granting of transmission service.~~

~~5 Regional Coordination~~

~~5.1 Reliability Coordinator Functions:~~

~~The Reliability Coordinator will ensure a long-term (one year and beyond) plan is available for adequate resources and transmission within the TVA Reliability Area. The Reliability Coordinator will integrate the Transmission Plan provided by the ITO with plans of other operating entities in the Reliability Coordination Area and assess the plans to ensure those plans meet reliability standards. The Reliability Coordinator will advise the ITO of solutions to plans that do not meet those standards. The Reliability Coordinator will then coordinate the Reliability Area Plan with those of neighboring reliability coordinators and Planning Coordinators to ensure wide-area grid reliability.~~

~~These functions include:~~

~~5.1.1 Integrating the transmission and resource (demand and capacity) system models provided by the ITO with those of other Reliability Coordinator Area operating entities to ensure Transmission System reliability and resource adequacy.~~

~~5.1.2 Applying methodologies and tools to assess and analyze the Transmission System expansion plans and the resource adequacy plans.~~

~~5.1.3 Collecting all information and data required for modeling and evaluation purposes.~~

~~5.1.4 Integrating and verifying that the respective plans of the Resource Planners and Transmission Planners within the TVA Reliability Area meet reliability standards.~~

~~5.1.5 Coordinating the Reliability Coordinator Area plan with neighboring Reliability Coordinators for review, as appropriate.~~

~~5.1.6 Integrating the Reliability Coordinator Area plan with neighboring Planning Coordinators/reliability coordinators plans to provide a broad multi-regional bulk system planning view.~~

~~5.2 Transmission Owner Responsibilities:~~

~~The Transmission Owner shall have the following responsibilities:~~

~~5.2.1 Providing to the Reliability Coordinator demand and energy end-use customer forecasts, capacity resources, and demand response programs.~~

~~5.2.2 Providing to the Reliability Coordinator generator unit performance characteristics and capabilities.~~

~~5.2.3 Providing to Reliability Coordinator long-term capacity purchases and sales.~~

Appendix 5

Balancing Authority Functions Performed

The Transmission Owner and ITO will split the functional responsibilities for the Balancing Authority, as defined in Version 2 of the NERC Reliability Functional Model, as follows:

1 Balancing Authority Functions performed by the Transmission Owner

- ~~1.1~~** — ~~Compiling load forecasts from load serving entities.~~
- ~~1.2~~** — ~~Receiving operational plans and commitments from generator operators within the Balancing Authority Area.~~
- ~~1.3~~** — ~~Deploying reserves in coordination with the Reliability Coordinator.~~
- ~~1.4~~** — ~~Receiving, confirming and implementing approved, valid and balanced Net Interchange Schedules (“NSI”) from the ITO.~~
- ~~1.5~~** — ~~Making inter-hour changes to NSI to accommodate loss of generating units and implementation of the Automatic Reserve Sharing System.~~
- ~~1.6~~** — ~~Informing Reliability Coordinator and ITO of real-time interruptions within the Balancing Authority Area, including generator outages or load reductions.~~
- ~~1.7~~** — ~~Implementing generator commitment and dispatch schedules.~~
- ~~1.8~~** — ~~Providing unit commitment/generation dispatch information and generator maintenance plans to ITO and Reliability Coordinator and revising generator maintenance plans as directed by Reliability Coordinator.~~
- ~~1.9~~** — ~~Acquiring generator inputs to Ancillary Services from generator owners.~~
- ~~1.10~~** — ~~Directing resources (generator operators and load serving entities) to take action to ensure balance in real-time.~~
- ~~1.11~~** — ~~Taking action as required to ensure balance within the Balancing Authority Area, including load shedding and voltage reductions.~~
- ~~1.12~~** — ~~Providing real-time operational information for Reliability Coordinator monitoring.~~
- ~~1.13~~** — ~~Checkout Actual Interchange.~~
- ~~1.14~~** — ~~Calculating area control error within the Balancing Authority Area.~~
- ~~1.15~~** — ~~Monitoring system frequency.~~
- ~~1.16~~** — ~~Monitoring and reporting control performance and disturbance recovery.~~

~~1.17—Implementing emergency procedures (including Energy Emergency Alerts and curtailments as directed by the Reliability Coordinator).~~

~~2—**Balancing Authority Functions performed by the ITO**~~

~~2.1—Approving interchange transactions from the ramping ability perspective.~~

~~2.2—Providing a NSI value to the Transmission Owner.~~

~~2.3—Hourly checkout of interchange schedules.~~

ATTACHMENT Q
~~AGREEMENTS~~AGREEMENT BETWEEN THE TRANSMISSION OWNER AND ~~THE~~
~~ITQ~~
~~AND THE~~ RELIABILITY COORDINATOR

**INDEPENDENT TRANSMISSION ORGANIZATION
AGREEMENT**

BETWEEN

**LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY**

AND

SOUTHWEST POWER POOL, INC.

TABLE OF CONTENTS

Sections:

Section 1 – Scope of Functions; Standards of Performance	450
1.1 Functions	450
1.2 Coordination with Reliability Coordinator	450
1.3 Expansion	450
1.4 ITO Performance	450
1.5 LG&E/KU Performance	450
Section 2 – Independence	450
2.1 ITO Personnel	450
2.2 Standards of Conduct Treatment	451
Section 3 – Compensation, Billing and Payment	451
3.1 Compensation	451
3.2 Compensation After Termination	452
3.3 Reimbursement of Fees	452
3.4 Payments	452
3.5 Compensation Disputes	452
Section 4 – Effective Date; Term; Termination; Termination Fees; Transition Assistance Services	452
4.1 Effective Date; Term	452
4.2 Mutually Agreed Termination	452
4.3 Termination at End of Term	453
4.4 Termination for Cause	453
4.4.1 Termination by Either Party	453
(a) Material Failure or Default	453
(b) Pattern of Failure	453
(c) Gross Negligence, Willful Misconduct or Fraud	453
(d) Material Misrepresentation	453
(e) Bankruptcy	453
(f) Dissolution	453
(g) Failure to Negotiate Amendment	453
(h) Regulatory Changes/Modifications	454
(i) Extended Force Majeurr	454
4.4.2 Termination by LG&E/KU	454
4.5 FERC Approval	454
4.6 Return of Materials	454
4.7 Survival	454
4.8 Transition Assistance Services	454
4.8.1 Transition Assistance Period	454
4.8.2 Transition Assistance Services	454
4.8.3 ITO Personnel	455
Section 5 – Data Management	455
5.1 Supply of Data	455
5.2 Property of Each Party	455

5.3	Data Integrity	455
5.4	Confidentiality	455
Section 6 – Intellectual Property		455
6.1	Pre-Existing Intellectual Property	455
6.1.1	Exclusion	456
6.2	Jointly Owned Intellectual Property	456
6.3	ITO Retained Rights	456
6.4	LG&E/KU Retained Rights	456
6.5	ITO Non-Infringement; Indemnification	456
6.6	LG&E/KU Non-Infringement; Indemnification	458
Section 7 – Liability and Indemnification		458
7.1	LG&E/KU Indemnification	458
7.2	ITO Indemnification	458
7.3	No Consequential Damages	459
7.4	Cooperation Regarding Claims	459
7.5	Stakeholders Management Meetings	459
Section 8 – Contract Managers; Dispute Resolution		459
8.1	LG&E/KU Contact Manager	459
8.2	ITO Contract Manager	460
8.3	Resolution of Disputes	460
8.3.1	Notice of Dispute	460
8.3.2	Dispute Resolution by Contract Managers	460
8.3.3	Dispute Resolution by Executive Management Representatives	460
8.3.4	Dispute Resolution by Mediation	460
8.3.5	Exercise of Remedies at Law or in Equity	460
8.4	Rights Under FPA Unaffected	461
8.5	Statute of Limitations; Continued Performance	461
Section 9 – Insurance		461
9.1	Requirements	461
9.2	Insurance Matters	461
9.3	Compliance	461
Section 10 – Confidentiality		462
10.1	Definition of Confidential Information	462
10.2	Protection of Confidential Information	462
10.3	FERC Requests for Confidential Information	462
Section 11 – Force Majeure		463
Section 12 – Reporting; Audit		463
12.1	Reporting	463
12.2	Books and Records	463
12.3	Regulatory Compliance	464
Section 13 – Independent Contractor		465
Section 14 – Taxes		465
Section 15 – Notices		465
15.1	Notices	465

15.2	Changes	466
Section 16	ITO Personnel; Work Conditions	466
16.1	ITO Personnel	466
16.2	Conduct of ITO Personnel and Reporting	466
16.3	Personnel Screening	466
16.4	Security	467
Section 17	Miscellaneous Provisions	467
17.1	Governing Law	467
17.2	Consent to Jurisdiction	467
17.3	Amendment	467
17.4	Assignment	467
17.5	No Third Party Beneficiaries	468
17.6	Waivers	468
17.7	Severability; Renegotiation	468
17.8	Representations and Warranties	468
17.8.1	Organization	468
17.8.2	Authority	468
17.8.3	Binding Effect	468
17.8.4	Regulatory Approval	469
17.8.5	No Litigation	469
17.8.6	No Violation or Breach	469
17.9	Further Assurances	469
17.10	Entire Agreement	469
17.11	Good Faith Efforts	469
17.12	Time of the Essence	469
17.13	Interpretation	469
17.14	Joint Effort	470
17.15	Counterparts	470

INDEPENDENT TRANSMISSION ORGANIZATION AGREEMENT

~~This Independent Transmission Organization Agreement (this "Agreement") is entered into this _____th day of [_____], 2006, between Louisville Gas and Electric Company and Kentucky Utilities Company, corporations organized pursuant to the laws of the Commonwealth 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 Section 1.6 of LG&E/KU's Open Access Transmission Tariff, filed with the Federal Energy Regulatory Commission ("FERC") on October 7, 2005 (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, LG&E/KU intends to enter 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 reliability coordination, transmission planning and regional coordination, identifying upgrades required to maintain reliability, providing 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:~~

~~Section 1 – Scope of Functions; Standards of Performance.~~

~~1.1 – Functions. The ITO shall perform the functions assigned to it and described in Attachment L of the OATT (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 as determined by the ITO in its sole discretion.~~

~~1.4 – ITO Performance. The ITO, the ITO Personnel and any ITO Designee (as defined in Section 17.4) shall perform the ITO’s obligations (including the Functions) under this Agreement: (a) in accordance with (i) Good Utility Practice (as defined in the OATT), (ii) 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), (iii) the OATT, and (iv) all applicable laws and the requirements of federal and state regulatory authorities; and (b) in an independent, fair, and nondiscriminatory manner.~~

~~1.5 – LG&E/KU Performance. LG&E/KU shall perform its obligations under this Agreement in accordance with Good Utility Practice and all applicable laws and the requirements of federal and state regulatory authorities.~~

~~Section 2 – Independence.~~

~~2.1 – ITO Personnel. All Functions shall be performed by employees of the ITO (the “ITO Personnel”) or ITO Designees. A list of such ITO Personnel and ITO Designees shall be publicly posted on the ITO’s internet website. No ITO Personnel or ITO Designee of the ITO shall also be employed by LG&E/KU or any of its Affiliates (as defined in 18 C.F.R. § (b)(3) of FERC’s regulations). The ITO, the ITO Employees, and the ITO Designees shall (i) be Independent of and (ii) shall not discriminate against the LG&E/KU, any of its Affiliates and any Tariff Participant. For purposes of this Agreement: (a) “Independent” shall mean that the ITO, the ITO Personnel, and any ITO Designees 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 ITO Personnel or ITO Designee 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 ITO Personnel or ITO Designee 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 ITO Personnel or ITO Designee does not control the purchase or sale of such securities. Participation by any ITO Personnel or ITO Designee 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 ITO Personnel's or ITO Designee'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. For the avoidance of doubt, LG&E/KU shall have no veto authority over the selection of ITO Personnel or ITO Personnel matters, including the ITO's appointment of the ITO Contract Manager (as provided in Section 8.2).~~

~~2.2 Standards of Conduct Treatment. All ITO Personnel and ITO Designees 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 ITO Personnel or ITO Designees.~~

~~Section 3 – Compensation, Billing and Payment.~~

~~3.1 Compensation.~~

~~(a) LG&E/KU shall pay the ITO on or before the start of each Contract Year (as defined in Section 4.1) \$3,340,000 (consisting of \$390,000 for capital costs and \$2,950,000 in operating costs) for performance of the Functions during the Initial Term.~~

~~(b) The ITO agrees that if at any time during the Initial Term (as defined in Section 4.1) it provides services similar to the Functions provided for herein to another entity, then the compensation rate in Section 3.1(a) shall be renegotiated based on the use of the ITO systems.~~

~~(c) Compensation for Subsequent Terms (as defined in Section 4.1) shall be based on the compensation for each Contract Year during the Initial Term and shall be negotiated by the Parties in good faith no later than ninety (90) days prior to the beginning of the Subsequent Term.~~

~~3.2 Compensation After Termination. If LG&E/KU terminates this Agreement before the end of a Contract Year, then the ITO shall not be obligated to refund any amounts paid by LG&E/KU to the ITO as compensation for services provided by the ITO under this Agreement. If, however, the ITO terminates this Agreement before the end of a Contract Year or LG&E/KU and~~

~~the ITO mutually agree to terminate this Agreement before the end of a Contract Year, then the ITO shall be obligated to refund to LG&E/KU an amount equal to the product of (a) any amounts paid by LG&E/KU to the ITO as compensation for services provided by the ITO under this Agreement during the Contract Year in which this Agreement is terminated and (b) the number of whole or partial months remaining in the Contract Year divided by twelve (12).~~

~~———— 3.3 ———— Reimbursement of Fees. In addition to the compensation provided for in Section 3.1, LG&E/KU shall reimburse the ITO for any additional costs associated with services not provided for in Section 1.1 which may be required by LG&E/KU.~~

~~———— 3.4 ———— Payments. All payments by LG&E/KU to the ITO shall be made by the FedWire transfer method to the ITO's account in accordance with wire instructions to be provided at a later date, and all such payments shall be deemed received as of the date the electronic funds transfer to the ITO's account is deemed effective.~~

~~The ITO shall provide LG&E/KU with one or more contact persons for payment purposes and shall update such list of contact persons as necessary.~~

~~———— 3.5 ———— Compensation Disputes. Notwithstanding the dispute resolution provisions in Section 8.3, for any Disputes concerning compensation under this Section 3, including the negotiation of fees for Subsequent Terms, any re-negotiation of fees, or negotiation of fees for additional services, LG&E/KU will timely file notice of such Dispute with FERC and request that FERC resolve such Dispute. The ITO retains the authority to file notice with FERC of any such Dispute if it so desires.~~

~~———— **Section 4 – Effective Date; Term; Termination; Termination Fees; Transition Assistance Services.**~~

~~———— 4.1 ———— Effective Date; Term. This Agreement shall become effective on June 1, 2006 (the "Effective Date") and shall continue for an initial term of four (4) years from the Effective Date (the "Initial Term"). Each twelve (12) month period of the Initial Term will constitute a "Contract Year." "Contract Year 1" shall begin on the Effective Date. Contract Years 2, 3 and 4 shall consist of the next three successive 12-month periods after Contract Year 1. 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.~~

~~———— 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 one hundred eighty (180) days 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 reasonable 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.~~

~~(g) Failure to Negotiate Amendment. The Parties are unsuccessful in negotiating an amendment or amendments to this Agreement pursuant to Section 17.7;~~

~~(h) Regulatory Changes/Modifications. FERC, in accepting for filing LG&E/KU's application to FERC in Docket Nos. ER06-20-000 and EC06-4-000 dated October 7, 2005, or in any other future docket, makes any material changes, modifications, additions, or deletions to this Agreement; or~~

~~(i) Extended Force Majeure. A Party is excused because of Force Majeure (as defined in Section 11) for more than thirty (30) days from performing any of its material obligations under this Agreement.~~

~~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 issues a final order that declares that the ITO lacks independence from LG&E/KU and the ITO cannot obtain independence in a reasonable manner or time period.~~

~~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 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 effectively terminated according to Section 4.5 of this Agreement and continuing for up to one hundred eighty (180) days 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 a cost to be negotiated and mutually agreed to at that time. 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 ITO Personnel. During the Transition Assistance Period, the ITO shall not terminate, reassign or otherwise remove any ITO 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 requests and that the ITO believes is necessary to perform its duties and obligations under this Agreement, including 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 reasonably retain and preserve any of the other Party’s Essential Data that are supplied to it during the Term. “Essential Data” means any Data that is reasonably required to perform the Functions under this Agreement and that must be retained and preserved according to any applicable law, regulation, reliability criteria, or Good Utility Practice. Each Party 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, to its knowledge, 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 LG&E/KU Indemnification. LG&E/KU shall indemnify, release, defend, reimburse and hold harmless the ITO and its directors, officers, employees, principals, representatives and agents (collectively, the “ITO Indemnified Parties”) from and against any and all claims (including claims of bodily injury or death of any person or damage to real and/or tangible personal property), 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 ITO Indemnified Parties arising out of, resulting from or based upon the ITO performing its obligations pursuant to this Agreement, provided, however, that in no event shall LG&E/KU be obligated to indemnify, release, defend, reimburse or hold harmless the ITO Indemnified Parties from and against any Indemnifiable Loss which is caused by the gross negligence or willful misconduct of an ITO Indemnified Party.~~

~~7.2 ITO Indemnification. The ITO shall indemnify, release, defend, reimburse and hold harmless LG&E/KU and its directors, officers, employees, principals, representatives and agents (collectively, the “LG&E/KU Indemnified Parties”) from and against any and all Indemnifiable Losses asserted against or incurred by any of the LG&E/KU Indemnified Parties arising out of, resulting from or based upon the gross negligence or willful misconduct of an ITO Indemnified Party.~~

~~7.3 No Consequential Damages. Neither Party shall be liable to the other Party under this Agreement (by way of indemnification, damages or otherwise) for any indirect, incidental, exemplary, punitive, special or consequential damages, except in the case of its gross negligence or willful misconduct.~~

~~7.4 Cooperation Regarding Claims. If an Indemnified Party (which for purposes of this Section 7.4 shall mean an ITO Indemnified Party and a LG&E/KU 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 (which for purposes of this Section 7.4 shall mean LG&E/KU or the ITO) 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 and subject to Section 7.5, 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.~~

~~———— 7.5 ——— Stakeholders Management Meetings. Within five (5) days after the ITO provides notice to LG&E/KU of an Indemnifiable Loss (which, for purposes of this Section 7.5, shall not include Indemnifiable Losses solely involving monetary damages) pursuant to Section 7.4, the ITO shall hold a meeting (“Stakeholders Management Meeting”) with all interested stakeholders (including LG&E/KU) to discuss and solicit input and recommendations from all interested stakeholders on how the ITO should respond to the Indemnifiable Loss. The ITO may consider but shall not be obligated to adopt or follow the recommendations of the interested stakeholders.~~

~~———— **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 ITO Personnel, 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 ITO 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 (a) the amount of compensation to be paid by LG&E/KU pursuant to Section 3.1, which shall be resolved pursuant to Section 3.5, (b) confidentiality or intellectual property rights, in which case either Party shall be free to seek available legal or equitable remedies, or (c) alleged violations of the OATT, in which case either Party shall be free to bring the Dispute to FERC.~~

~~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 — Dispute Resolution by Mediation. If the Parties’ executive management representatives are unable to resolve the Dispute within thirty (30) days of their appointment, the Parties shall proceed in good faith to submit the matter to a mediator mutually acceptable to the Parties. The Parties will share equally in the cost of such mediation, which will be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association and any applicable FERC regulations.~~

~~8.3.5 — Exercise of Remedies at Law or in Equity. If the Parties are unable to resolve the Dispute within thirty (30) days after the appointment of a mediator pursuant to Section 8.3.4, 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. Except as provided in Section 17.3 relating to the variation or amendment of this Agreement, 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 Section 8.3, 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 \$1,000,000 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 \$1,000,000 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 ITO 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.~~

~~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. Except as otherwise provided in Section 10.3, 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, other than in respect of disclosures pursuant to Section 10.3, 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.~~

~~10.3—FERC Requests for Confidential Information. Notwithstanding anything in this Section 10 to the contrary, if FERC or its staff, during the course of an investigation or otherwise, requests information from the ITO that the ITO is otherwise required to maintain in confidence pursuant to this Agreement, the ITO 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 ITO shall, consistent with 18 C.F.R. § 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. The ITO shall notify LG&E/KU when it is notified by FERC or its staff that a request for public disclosure of, or decision to publicly disclose, confidential information has been received, at which time either the ITO or LG&E/KU may respond before such information is made public, pursuant to 18 C.F.R. § 388.112.~~

~~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.~~

~~12.1.1 The ITO shall report in writing to FERC in respect of any Dispute which the ITO has with LG&E/KU as soon as practicable.~~

~~12.1.2 The ITO shall report in writing to FERC every six (6) months (commencing on the six (6) month anniversary of the Effective Date and every six (6) months thereafter during the Term) in respect of (a) any concerns expressed by stakeholders and the ITO's response to same and (b) any issues or OATT provisions that hinder the ITO from performing its duties and obligations under this Agreement and the OATT.~~

~~12.1.3 In addition to the reports provided for above, the ITO shall make such other 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. Inasmuch as Southwest Power Pool, Inc. (“SPP”), in its role as a Regional Transmission Organization, currently performs an audit of its controls with regard to the Sarbanes-Oxley Act, no additional audit will be necessary to satisfy the requirements of the Sarbanes-Oxley Act. SPP, in its function as the ITO, will include all ITO processes and procedures in its current audit. However, it is noted that the audit performed by SPP is currently based on procedures and processes found in the SPP Open Access Transmission Tariff. If an additional audit or material changes to the current audit are requested, then the ITO will perform such additional audit or include such material changes under a separate contractual arrangement with LG&E/KU. 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 which are produced during the SPP audit and delivered hereunder to LG&E/KU’s 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 handdelivered 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
_____ Mark Johnson
_____ 119 North 3rd Street
_____ Louisville, Kentucky 40202
_____ Facsimile: (502) 627-4716~~

~~And~~

~~_____ Kentucky Utilities Company
_____ Mark Johnson
_____ 119 North 3rd Street
_____ Louisville, Kentucky 40202
_____ Facsimile: (502) 627-4716~~

~~If to the ITO:~~

~~_____ Southwest Power Pool, Inc.
_____ Mr. Bruce Rew
_____ Executive Director, Contract Services
_____ 415 N. McKinley, Suite 140
_____ Little Rock, Arkansas 72205
_____ Facsimile: (501) 664-9553~~

~~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 – ITO Personnel; Work Conditions.~~

~~16.1 — ITO Personnel.~~ All ITO Personnel and ITO Designees shall be properly certified and licensed, if required by law or regulation, and be qualified and competent to perform the Functions.

~~16.2 — Conduct of ITO Personnel and Reporting.~~ The ITO agrees to require that the ITO Personnel and ITO Designees 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 ITO Personnel or ITO Designee 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 ITO Personnel or ITO Designee 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 ITO Personnel or ITO Designee prior to commencing performance of the Functions. By deploying ITO Personnel or ITO Designee under this Agreement, the ITO represents that it has completed the Screening Measures (as defined below) with respect to such ITO Personnel or ITO Designees. 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; and (c) 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 ITO Personnel or ITO Designee to perform the Functions, the ITO learns of any information that the ITO considers would adversely affect such ITO Personnel's or ITO Designee's suitability for the performance of the Functions (including based on information discovered from the Screening Measures), the ITO shall not assign the ITO Personnel or ITO Designee to the Functions or, if already assigned, promptly remove such ITO Personnel or ITO Designee from performing the Functions and immediately notify LG&E/KU of such action.

~~16.4 — Security.~~ Each Party shall have the option of barring from that Party's property any LG&E/KU or ITO Personnel or ITO Designee whom the Party 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 Commonwealth of Kentucky or of the United States sitting in the Commonwealth of Kentucky. Each Party irrevocably submits, for itself and its properties, to the exclusive

jurisdiction of the courts of the Commonwealth of Kentucky and of the United States sitting in the Commonwealth 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. Nothing in this Section 17.3 shall be construed to limit or affect any other rights that the Parties may have as set forth in Section 8.4, the OATT or otherwise.~~

~~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, spinoff or foreclosure; provided, further, that such successor entity (a) agrees to assume all of LG&E/KU's obligations hereunder from and after the date of such assignment and (b) has the legal authority and operational ability to satisfy the obligations under this Agreement. 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. Notwithstanding anything to the contrary contained in this Section 17.4, the ITO shall be entitled to contract with one or more Persons (each, an "ITO Designee") to perform only those Functions which the OATT expressly provides for being performed by a "designee" of the ITO (as opposed to the ITO or ITO Personnel), provided that the ITO shall not be relieved of any of its obligations, responsibilities or liabilities under this Agreement as a result of contracting with one or more ITO Designees in accordance with this Section 17.4.~~

~~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, including that certain Independent Transmission Organization Agreement, dated as of January 10, 2006, between the Parties. 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:

AMENDED RELIABILITY COORDINATOR AGREEMENT

BETWEEN

**LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY**

AND

TENNESSEE VALLEY AUTHORITY

TABLE OF CONTENTS

Section 1 - Designation; Scope of Functions; Standards of Performance;	
Reliability Coordination Advisory Committee	477
1.1 Designation	477
1.2 Scope of Functions	477
1.3 Reliability Coordinator Procedures	478
1.4 Threat to Reliability	478
1.5 Reliability Coordinator Directives	478
1.6 Coordination with Independent Transmission Organization <u>Owner</u>	479
1.7 Expansion	479
1.8 Reliability Coordinator's Standard of Performance	479
1.9 LG&E/KU Standard of Performance	480
1.10 Reliability Coordination Advisory Committee	480
Section 2 - Independence	480
2.1 Key Personnel	480
2.2 Standards of Conduct Treatment	481
Section 3 - Compensation, Billing and Payment	481
3.1 Compensation	481
3.2 Compensation After Termination	482
3.3 Reimbursement of Fees	482
3.4 Payments	482
Section 4 - Effective Date; Term; Termination; Termination Fees;	
Transition Assistance Services	482
4.1 Effective Date	482
4.2 Term	483
4.3 Mutually-Agreed Termination	483
4.4 Termination at End of Term	483
4.5 Termination for Cause	483
4.5.1 Termination by Either Party	484
(a) Material Failure or Default	484
(b) Pattern of Failure	484
(c) Gross Negligence, Willful Misconduct or Fraud	484
(d) Material Misrepresentation	484
(e) Bankruptcy	484
(f) Dissolution	484
(g) Failure to Negotiate Amendment	484
(h) Regulatory Changes/Modifications	484
(i) Extended Force Majeure	484
4.5.2 Termination by LG&E/KU	484
4.5.3 Termination by the Reliability Coordinator	484
4.6 Return of Materials	485
4.7 Survival	485
4.8 Transition Assistance Services	485
4.8.1 Transition Assistance Period	485
4.8.2 Transition Assistance Services	485

4.8.3	Key Personnel.....	485
4.9	Change in Reliability Entity	485
4.10	Prior Obligations and Liabilities Unaffected by Termination.....	486
Section 5 - Data Management	.....	486
5.1	Supply of Data	486
5.2	Property of Each Party.....	486
5.3	Data Integrity	486
5.4	Confidentiality.....	486
Section 6 - Intellectual Property	.....	486
6.1	Pre-Existing Intellectual Property	486
6.1.1	Exclusion	487
6.2	Jointly-Owned Intellectual Property.....	487
6.3	Reliability Coordinator Retained Rights	487
6.4	LG&E/KU Retained Rights.....	488
6.5	Reliability Coordinator Non-Infringement; Indemnification	488
6.6	LG&E/KU Non-Infringement; Indemnification.....	489
Section 7 - Indemnification	.....	489
7.1	Indemnification by the Parties.....	489
7.2	No Consequential Damages.....	489
7.3	Cooperation Regarding Claims	489
Section 8 - Contract Managers; Dispute Resolution	.....	490
8.1	LG&E/KU Contact Manager.....	490
8.2	Reliability Coordinator Contract Manager	490
8.3	Resolution of Disputes	491
8.3.1	Notice of Dispute.....	491
8.3.2	Dispute Resolution by Contract Managers.....	491
8.3.3	Dispute Resolution by Executive Management Representatives	491
8.3.4	Exercise of Remedies at Law or in Equity	491
8.4	LG&E/KU Rights Under FPA Unaffected.....	491
8.5	Reliability Coordinator Rights Under the TVA Act and FPA Unaffected.....	491
8.6	Statute of Limitations; Continued Performance	491
Section 9 - Insurance	.....	491
9.1	Requirements	491
9.2	Insurance Matters	492
9.3	Compliance.....	492
Section 10 - Confidentiality	.....	492
10.1	Definition of Confidential Information	492
10.2	Protection of Confidential Information	492
10.3	NERC Data Confidentiality Agreement.....	493
10.4	FERC Requests for Confidential Information.....	493
Section 11 - Force Majeure	.....	493
Section 12 - Reporting; Audit	.....	494
12.1	Reporting	494
12.2	Books and Records	494
12.3	Regulatory Compliance	494
Section 13 - Independent Contractor	.....	495

Section 14 - Taxes	495
Section 15 - Notices	495
15.1 Notices	495
15.2 Changes	496
Section 16 - Key Personnel; Work Conditions	496
16.1 Key Personnel	496
16.2 Conduct of Key Personnel and Reporting	496
16.3 Personnel Screening	496
16.4 Security	497
Section 17 - Miscellaneous Provisions	497
17.1 Governing Law	497
17.2 Amendment	497
17.3 Assignment	497
17.4 No Third Party Beneficiaries	497
17.5 Waivers	497
17.6 Severability; Renegotiation	497
17.7 Representations and Warranties	497
17.7.1 Organization	498
17.7.2 Authority	498
17.7.3 Binding Effect	498
17.7.4 Regulatory Approval	498
17.7.5 No Litigation	498
17.7.6 No Violation or Breach	498
17.8 Further Assurances	498
17.9 Entire Agreement	498
17.10 Good Faith Efforts	499
17.11 Time of the Essence	499
17.12 Interpretation	499
17.13 Joint Effort	499
17.14 Counterparts	500

Attachment A – Description of Primary Functions

Attachment B – ~~Division of Responsibilities for the Planning Function~~ [Reserved](#)

Attachment C – List of Key Personnel

Exhibit 1 – Joint Reliability Coordination Agreement and Congestion Management Process

RELIABILITY COORDINATOR AGREEMENT

This Amended Reliability Coordinator Agreement (this “Amended Agreement”), including all appendices, exhibits, and attachments, appended hereto, is entered into this ____ day of July, 2006 (“Execution Date”), 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” or “Transmission Owner”), and the Tennessee Valley Authority, a federal government corporation (“TVA” and, in its capacity as reliability coordinator pursuant to this Agreement, the “Reliability Coordinator”) created by and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended, 16 U.S.C. §§ 831 *et seq.* (the “TVA Act”). LG&E/KU and the Reliability Coordinator may sometimes be referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, LG&E/KU owns, among other things, an integrated electric transmission system (“Transmission System”), over which the Midwest Independent Transmission System Operator Inc. (the “Midwest ISO”) currently provides open access transmission service to customers in the LG&E/KU Control Area (as defined in Section 1.6 of LG&E/KU’s Open Access Transmission Tariff, filed with the Federal Energy Regulatory Commission (“FERC”) on October 7, 2005 (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) reliability coordination (as defined in the relevant North American Electric Reliability Council (“NERC”) Standards); (ii) transmission planning and regional coordination; (iii) approving LG&E/KU’s maintenance schedules; (iv) identifying 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 in NERC’s Standards;

WHEREAS, LG&E/KU will retain all remaining NERC obligations, including obligations associated with its status as a Control Area (including operations as a Balancing Authority and Transmission Operator as defined by NERC) and its obligations to ensure the provision 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) recognized by NERC as a reliability coordinator;

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;

~~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 an Independent Transmission Organization Agreement (the "Independent Transmission Organization Agreement") with Southwest Power Pool, Inc. (the "Independent Transmission Organization" or "ITO"), pursuant to which the Independent Transmission Organization will provide to LG&E/KU certain key transmission-related functions under the OATT;~~

WHEREAS, TVA, the Midwest ISO and PJM Interconnection, L.L.C. have entered into that certain Joint Reliability Coordination Agreement, dated as of April 22, 2005 (as may be amended from time to time, "JRCA"), a copy of which is attached hereto as Exhibit 1, which provides for the exchange of transmission-related data and information and establishes various arrangements and protocols in furtherance of the reliability of their interconnected transmission systems and efficient market operations, and LG&E/KU seeks to ensure the full participation of the LG&E/KU Transmission System in the arrangements and protocols included in the JRCA and Congestion Management Plan ("CMP") provided for therein;

WHEREAS, this Agreement provides for the performance of certain of these arrangements and protocols under the JRCA by TVA in its capacity as Reliability Coordinator for the LG&E/KU Transmission System; and

WHEREAS, TVA and LG&E/KU may choose to participate in similar reliability coordination agreements with other neighboring reliability coordination areas.

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 - Designation; Scope of Functions; Standards of Performance; Reliability Coordination Advisory Committee.

1.1 Designation. LG&E/KU appoints TVA to act as LG&E/KU's designated Reliability Coordinator pursuant to and in accordance with the terms and conditions of this Agreement. The Reliability Coordinator shall have no responsibility to LG&E/KU, except as specifically set forth in this Agreement.

1.2 Scope of Functions. The Reliability Coordinator shall perform the functions assigned to it and described in Attachment A ~~and Attachment B~~ (the "Functions") seven days a week, twenty-four hours a day, for the duration of the Term in accordance with the terms and conditions of this Agreement. In accordance with its obligations under this Section 1.2, the Reliability Coordinator is authorized to, and shall, direct and coordinate timely and appropriate actions by LG&E/KU, including curtailing transmission service or energy schedules,

redispatching generation, and shedding load, in each case, in order to avoid adverse effects on interregional bulk power reliability.

1.2.1 Relationship Between this Agreement and Attachment LK to LG&E/KU's OATT. The Parties recognize that the relationship between LG&E/KU and the Reliability Coordinator and the Functions to be performed by the Reliability Coordinator must be reflected in LG&E/KU's OATT. The Reliability Coordinator relationship and the Functions assigned to the Reliability Coordinator under Attachment A ~~and Attachment B~~ to this Agreement shall be reflected in Attachment LK to LG&E/KU's OATT. To the extent that there is a conflict between Attachment A ~~and/or Attachment B~~ to this Agreement and Attachment LK to LG&E/KU's OATT, Attachment LK to LG&E/KU's OATT shall govern. Any changes proposed by LG&E/KU to FERC in Attachment LK in LG&E/KU's OATT, ~~pursuant to Section 5.3 of Attachment L in LG&E/KU's OATT~~, regarding the Functions or any other provisions that concern the Reliability Coordinator shall reflect the mutual agreement of the Parties. Notwithstanding this Section 1.2.1, nothing in this Agreement or Attachment LK to LG&E/KU's OATT shall grant FERC any additional jurisdiction over TVA.

1.3 Reliability Coordinator Procedures. The Reliability Coordinator shall develop the procedures and guidelines by which it will perform the Functions (the "Reliability Coordinator Procedures") in coordination with the RCAC (as defined in Section 1.10) and applicable regional reliability councils. The Reliability Coordinator Procedures shall be documented in a ~~NERC approved~~ NERC-approved reliability plan for the TVA Reliability Coordination Area or in TVA Standard Procedures and Policies. The Reliability Coordinator shall provide LG&E/KU advance written notice of any amendment or change to the Reliability Coordinator Procedures. For purposes of this Agreement, the term "TVA Standard Procedures and Policies" shall mean such procedures and policies related to TVA's operations as may be promulgated and published by TVA pursuant to its legal authorities and obligations.

1.4 Threat to Reliability. If the Reliability Coordinator determines that an actual or potential threat to transmission system reliability exists, and that such threat may impair the reliability of a transmission system, then the Reliability Coordinator shall direct that LG&E/KU take whatever actions are necessary, consistent with Good Utility Practice (as defined below) and in accordance with the applicable reliability criteria, policies, standards, rules, regulations and other requirements of NERC (collectively, the "NERC Standards") and any applicable regional reliability councils or their successors (collectively, "Regional Reliability Council Standards"), to avoid or mitigate the effects of the threat to transmission system reliability. For purposes of this Agreement, "Good Utility Practice" shall mean 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 that, in a person's exercise of reasonable judgment in light of the facts as known to that person 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 include the range of acceptable practices, methods, or acts generally accepted in the region.

1.5 Reliability Coordinator Directives. Except as provided in the immediately succeeding sentence, LG&E/KU shall implement any directive given by the Reliability

Coordinator pursuant to Sections 1.2 or 1.4. LG&E/KU shall not be obligated to implement any directive which LG&E/KU determines will violate any state or federal law or the terms of any governmental approval applicable to LG&E/KU. LG&E/KU may review any directive given by the Reliability Coordinator pursuant to Sections 1.2 or 1.4, to determine if it is, in LG&E/KU's judgment, in accordance with the requirements of Section 1.8. If LG&E/KU determines that any directive is not in accordance with the requirements of Section 1.8, then it shall immediately so notify the Reliability Coordinator; provided, however, that, except as provided in the second sentence in this Section 1.5, LG&E/KU shall continue to implement the directive until the Reliability Coordinator notifies LG&E/KU otherwise. LG&E/KU's notice shall include: (a) information outlining the basis for LG&E/KU's determination that (i) the directive is not in accordance with the requirements of Section 1.8 and, if applicable, (ii) that implementation of the directive will violate one or more state or federal laws or the terms of any governmental approvals applicable to LG&E/KU; and (b) the alternative action that LG&E/KU would prefer to take to alleviate the problem addressed by the Reliability Coordinator's directive. After prompt consideration of such information, the Reliability Coordinator shall issue a directive to LG&E/KU in accordance with its obligations under this Agreement and LG&E/KU will, subject to the second sentence in this Section 1.5, act in accordance with such directive.

~~1.6 — 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.~~

1.6 [Reserved.]

1.7 Expansion. Nothing in this Agreement is intended to prevent TVA from (a) coordinating, or cooperating in, interregional activities to relieve problems experienced by other transmission systems or (b) 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 it 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 (i) 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, (ii) LG&E/KU agrees to reimburse any such third party transmission providers or operators in an equitable manner for any capital expenditures made by such third parties as well as for such third parties' 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 this Agreement, and (iii) to the extent applicable, the Reliability Coordinator shall revise the compensation provided for in Section 3.1 in accordance with the terms therein.

1.8 Reliability Coordinator's Standard of Performance. The Reliability Coordinator shall perform its obligations under this Agreement in accordance with: (a) Good Utility Practice; (b) the NERC Standards and Regional Reliability Council Standards; (c) LG&E/KU's specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements specified in this Section 1.8); (d) TVA Standard Procedures and Policies; and, (e) all state and federal laws, including the TVA Act, and the terms of governmental approvals applicable to one or both of the Parties. In performing its responsibilities under this Agreement, the Reliability Coordinator shall not discriminate against similarly situated persons.

1.9 LG&E/KU's Standard of Performance. LG&E/KU shall perform its obligations under this Agreement in accordance with: (a) Good Utility Practice; (b) the NERC Standards and Regional Reliability Council Standards; (c) any other LG&E/KU-specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements specified in this Section 1.9); and (d) all state and federal laws and the terms of governmental approvals applicable to LG&E/KU.

1.10 Reliability Coordination Advisory Committee.

1.10.1 Each Party shall designate one representative to serve on a Reliability Coordination Advisory Committee ("RCAC"), which shall be composed of representatives of each Party and representatives from each entity that has executed a similar reliability coordination agreement designating TVA as its reliability coordinator. Each Party may also designate one alternate to act in the absence of its representative on the RCAC. Written notice of each representative and alternate appointment shall be provided to each RCAC entity, and each Party may change its representatives upon written notice to the other RCAC entities.

1.10.2 The RCAC shall assist the Reliability Coordinator in the development of the initial Reliability Coordinator Procedures and the modification of existing Reliability Coordinator Procedures. In connection with these activities, the Reliability Coordinator may provide the other RCAC members with access to necessary data and documents maintained by the Reliability Coordinator, provided that each such RCAC member has signed the NERC Data Confidentiality Agreement and that all Confidential Information is treated as transmission operations and transmission system information pursuant to the NERC Data Confidentiality Agreement.

The RCAC shall meet at least twice per Contract Year (as defined below). For purposes of this Agreement, a "Contract Year" shall consist of a twelve (12) month period. "Contract Year 1" shall begin on the Effective Date. Contract Years 2, 3, and 4 shall consist of the next three successive 12-month periods after Contract Year 1.

Section 2 - Independence.

2.1 Key Personnel. All Functions shall be performed by employees of the Reliability Coordinator identified in Attachment C (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; and its Affiliates ~~and the~~

~~Independent Transmission Organization~~. For purposes of this Agreement: “Independent” shall mean that the Reliability Coordinator and the Key Personnel are not subject to the control of LG&E/KU, ~~or its Affiliates or the Independent Transmission Organization~~, and have full ~~decisionmaking~~decision-making authority to perform all Functions in accordance with the provisions of this Agreement. Any Key Personnel owning securities in LG&E/KU, ~~or its Affiliates or the Independent Transmission Organization~~ 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, ~~or its Affiliates or the Independent Transmission Organization~~ 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, ~~or its Affiliates or the Independent Transmission Organization~~ 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. For the avoidance of doubt, LG&E/KU shall not have an approval or consent right with respect to the selection of any Key Personnel.

2.2 Standards of Conduct Treatment. All Key Personnel shall be treated, for purposes of 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.

3.1 Compensation. LG&E/KU shall pay to the Reliability Coordinator as compensation for the performance of the Functions during the Initial Term the following amounts on or before the start of each Contract Year:

Contract Year 1	\$1,397,000
Contract Year 2	\$1,439,000
Contract Year 3	\$1,511,000
Contract Year 4	\$1,586,000

The Reliability Coordinator agrees that if at any time during the Initial Term it expands its Reliability Coordination Area by providing similar services to additional Transmission Operators, the Reliability Coordinator will review and revise, as appropriate, the above compensation rate. Such revised compensation shall enable the Reliability Coordinator to recover its incremental costs associated with providing the specific service by allocating the costs among those subscribing to the service in an equitable manner (*e.g.*, costs may be allocated using a load ratio share methodology (a participant’s annual non-coincident peak load as a percentage of the total annual non-coincident peak load for those participating in the service)). Costs will be determined by the Reliability Coordinator based on its total cost of providing the service(s) as documented in the Reliability Coordinator’s financial systems.

Compensation for Subsequent Terms (as defined in Section 4.2 herein) shall be based on the compensation in previous Contract Years and/or the methodology outlined above in this Section 3.1 and shall be negotiated by the Parties in good faith. Such negotiations shall begin not later than

six months prior to and shall be concluded no later than three months prior to the beginning of the Subsequent Term.

Notwithstanding any provision to the contrary contained in this Agreement, if a Dispute should occur between the Parties with respect to the amount of compensation to be paid by LG&E/KU to the Reliability Coordinator (i) pursuant to this Sections 3.1 or (ii) in respect of additional services (other than the Functions) requested by LG&E/KU that the Reliability Coordinator elects, in its sole discretion, to provide, then, in each case, LG&E/KU shall file notice thereof with the FERC. The Parties acknowledge that any FERC order issued with respect to such a dispute is only binding on LG&E/KU, not TVA.

3.2 Compensation After Termination. If LG&E/KU terminates this Agreement before the end of a Contract Year, then the Reliability Coordinator shall not be obligated to refund any amounts paid by LG&E/KU to the Reliability Coordinator as compensation for services provided by the Reliability Coordinator under this Agreement. If, however, the Reliability Coordinator terminates this Agreement before the end of a Contract Year or LG&E/KU and the Reliability Coordinator mutually agree to terminate this Agreement, then the Reliability Coordinator shall be obligated to refund to LG&E/KU an amount equal to the product of (a) any amounts paid by LG&E/KU to the Reliability Coordinator as compensation for services provided by the Reliability Coordinator under this Agreement during the Contract Year in which this Agreement is terminated and (b) the number of whole or partial months remaining in the Contract Year divided by twelve (12).

3.3 Reimbursement of Fees. In addition to the compensation provided for in Section 3.1, LG&E/KU shall reimburse the Reliability Coordinator for (a) its share of costs associated with the Reliability Coordinator's membership in the Reliability First Corporation or otherwise required by the Reliability First Corporation in order for the Reliability Coordinator to be LG&E/KU's reliability coordinator, including annual membership assessments and (b) any additional costs incurred by the Reliability Coordinator at the request or direction of LG&E/KU that are not associated with services provided for in Section 3.1.

3.4 Payments. All payments by LG&E/KU to the Reliability Coordinator shall be made by the FedWire transfer method to the Reliability Coordinator's account at the U.S. Treasury in accordance with the wire instructions indicated below, and all such payments shall deemed received as of the date the electronic funds transfer to the Reliability Coordinator's account is deemed effective.

Bank Name: TREAS NYC (official abbreviation)

Bank Address: New York Federal Reserve Bank, New York City

ABA Number: 021030004

Account No: 4912

OBI: Provide your organization name and invoice number or explanation of payment.

The Reliability Coordinator shall provide LG&E/KU with one or more contact persons for payment purposes and shall update such list of contact persons as necessary.

Section 4 - Effective Date; Term; Termination; Termination Fees; Transition Assistance Services.

4.1 Effective Date. The Parties acknowledge and agree that:

4.1.1 Sections 4, 6, 7, 8, 9, 10, 11, 13, 15, 16 and 17 shall be effective, and the rights and obligations of the Parties under Sections 4, 6, 7, 8, 9, 10, 11, 13, 15, 16 and 17, shall be binding upon the Parties, in each case, as of the Execution Date; and

4.1.2 All other Sections of this Agreement (other than Sections 4, 6, 7, 8, 9, 10, 11, 13, 15, 16 and 17) shall be effective, and the rights and obligations of the Parties under all other Sections of this Agreement (other than Sections 4, 6, 7, 8, 9, 10, 11, 13, 15, 16 and 17) shall be binding upon the Parties, as of the date (the "Effective Date") on which the Parties shall have agreed in writing that each of the following conditions precedent have been satisfied to their mutual satisfaction:

- (a) The Parties' representations and warranties in Section 17.7 shall be true and correct in all material respects as of the Effective Date;
- (b) FERC shall have issued an order accepting for filing LG&E/KU's application to FERC in Docket Nos. ER06-20-000 and EC06-4-000 dated October 7, 2005;
- (c) LG&E/KU shall have acquired operational control of the Transmission System; and
- (d) The Parties shall be prepared and capable to commence their respective obligations under this Agreement, provided that the Parties shall use commercially reasonable efforts to be prepared and capable to commence their respective obligations under this Agreement as soon as practicable after the Execution Date.

4.2 Term. The initial term of this Agreement shall commence on the Execution Date and continue for four (4) years from the Effective Date (as provided for in Section 4.1), unless terminated early pursuant to the termination provisions hereof (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."

4.3 Mutually-Agreed Termination. This Agreement may be terminated by mutual agreement of the Parties at any time during the Term.

4.4 Termination at End of Term. 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.

4.5 Termination for Cause.

4.5.1 Termination by Either Party. Either Party may terminate this Agreement effective immediately upon thirty (30) days' prior written notice thereof to the other Party if:

(a) Material Failure or Default. The other Party fails 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;

(f) Dissolution. The other Party dissolves or is dissolved or its legal existence is otherwise terminated;

(g) Failure to Negotiate Amendment. The Parties are unsuccessful in negotiating an amendment or amendments to this Agreement pursuant to Section 17.6;

(h) Regulatory Changes/Modifications. FERC, in accepting for filing LG&E/KU's application to FERC in Docket Nos. ER06-20-000 and EC06-4-000 dated October 7, 2005, or in any other future docket, makes any material changes, modifications, additions, or deletions to this Agreement; or

(i) Extended Force Majeure. A Party is excused because of Force Majeure (as defined in Section 11 herein) for more than thirty (30) days from performing any of its material obligations under this Agreement.

4.5.2 Termination by LG&E/KU. LG&E/KU may terminate this Agreement effective immediately upon thirty (30) days' prior written notice thereof to the Reliability Coordinator if:

(a) the Reliability Coordinator loses its NERC certification once obtained; or

(b) FERC issues an order determining that TVA should no longer serve as LG&E/KU's Reliability Coordinator pursuant to this Agreement.

4.5.3 Termination by the Reliability Coordinator. The Reliability Coordinator may terminate this Agreement effective immediately upon thirty (30) days' prior written notice thereof to LG&E/KU if:

(a) LG&E/KU determines to cease being a Balancing Authority and/or Transmission Operator, provided that LG&E/KU shall provide the Reliability Coordinator as much advance written notice of such determination as is practicable to allow the Reliability Coordinator to terminate this Agreement on or prior to the time LG&E/KU ceases to be a Balancing Authority or Transmission Operator;

(b) FERC or any other person or entity takes any action to subject the Reliability Coordinator to FERC's plenary jurisdiction under the Federal Power Act ("FPA"); or

(c) Effective Date has not occurred within eighteen (18) months of the Execution Date.

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 Sections 7 and 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”). During the Transition Assistance Period, the Parties shall use good faith efforts to ensure a smooth transition.

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.

4.9 Change in Reliability Entity. This Agreement is based on the existence of NERC and the applicability of the NERC Standards. If NERC ceases to exist in its current form or is replaced with an entity with authority over a Party’s transmission system, the Parties shall promptly meet to determine whether to revise this Agreement to reflect the new reliability entity, if any, and the Parties’ obligations in light of the new reliability entity or to terminate this Agreement in accordance with Section 4.2.

4.10 Prior Obligations and Liabilities Unaffected by Termination. Termination of this Agreement shall not relieve the Parties of any of their respective cost obligations or other obligations and liabilities related to this Agreement that were incurred prior to the effective date of termination of this Agreement.

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 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) 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, or (c) 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.

7.2 No Consequential Damages. Neither Party shall be liable to the other Party under this Agreement (by way of indemnification, damages or otherwise) for any indirect, incidental, exemplary, punitive, special or consequential damages, except in the case of gross negligence or willful misconduct.

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 prior written 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. LG&E/KU may, upon prior written notice to the Reliability Coordinator, change the LG&E/KU Contract Manager.

8.2 Reliability Coordinator Contract Manager. The Reliability Coordinator shall appoint, among the Key Personnel identified in Attachment C, 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 the Reliability Coordinator's 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 prior written notice to LG&E/KU, delegate such of his or her responsibilities to other Key Personnel, as the Reliability Coordinator Contract Manager deems appropriate. The Reliability Coordinator may, upon prior written notice to LG&E/KU, change the Reliability Coordinator Contract Manager. For the avoidance of doubt, LG&E/KU shall not have an approval or consent right with respect to the selection of the Reliability Coordinator Contract Manager.

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 (a) the amount of compensation to be paid by LG&E/KU pursuant to the last sentence of Section 3.1, which shall be resolved pursuant thereto, or (b) 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 LG&E/KU 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 FPA to revise any rates, terms or conditions of the OATT or any other FPA jurisdictional agreement.

8.5 Reliability Coordinator Rights Under the TVA Act and FPA Unaffected. Nothing in this Agreement is intended to limit or abridge any rights that the Reliability Coordinator may have under the TVA Act or the FPA, nor to require the Reliability Coordinator to violate the area limitations set forth in the TVA Act.

8.6 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 in accordance with the Federal Employees Compensation Act (FECA).

9.1.2 Commercial general liability or equivalent insurance with a combined single limit of not less than \$1,000,000 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 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 activities by such Party and information and documentation of such Party, whether disclosed to or accessed by the other Party, in each case, 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. Except as otherwise provided in Section 10.4, 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 applicable laws, governmental regulations or orders of regulatory bodies or courts; provided that, other than in respect of disclosures pursuant to Section 10.4, 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.

10.3 NERC Data Confidentiality Agreement. In addition to, and not in limitation of, the confidentiality restrictions in Section 10.2, each Party shall sign the NERC Data Confidentiality Agreement and shall treat all Confidential Information as transmission operations and transmission system information pursuant to the NERC Data Confidentiality Agreement.

10.4 FERC Requests for Confidential Information. Notwithstanding anything in this Agreement to the contrary, if FERC or its staff, during the course of an investigation or otherwise, requests information from the Reliability Coordinator related to services provided by the Reliability Coordinator to LG&E/KU that the Reliability Coordinator is otherwise required to maintain in confidence pursuant to this Agreement, the Reliability Coordinator shall provide the requested information to FERC or its staff within the time provided for in the request for information. In providing such information to FERC or its staff, the Reliability Coordinator shall, consistent with 18 C.F.R. § 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. The Reliability Coordinator shall notify LG&E/KU when it is notified by FERC or its staff that a request for public disclosure of, or decision to publicly disclose, confidential information has been received, at which time either the Reliability Coordinator or LG&E/KU may respond before such information is made public, pursuant to 18 C.F.R. § 388.112.

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 reasonable requests by LG&E/KU to comply with Section 404 of the Sarbanes-Oxley Act and related regulatory requirements. LG&E/KU may hire, at its expense, or LG&E/KU may direct the Reliability Coordinator to hire, at LG&E/KU expense, an independent auditor to review, audit and prepare audit reports associated with the Reliability Coordinator's controls and systems relating to the Functions and LG&E/KU's financial statements and reports, in accordance with SAS No. 70, Type II. Such reports may not be required more frequently than twice per Contract Year. The Reliability Coordinator shall notify LG&E/KU 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 and provide sufficient details of the change so as to enable LG&E/KU and/or its independent auditors to review the change and evaluate its impact on its internal controls and financial reporting. The Reliability Coordinator shall cooperate with the independent auditors and LG&E/KU to enable the preparation of the reports necessary to comply with Section 404 of the Sarbanes-Oxley Act, consistent with the other provisions of this Agreement.

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.

15.1 Notices. Except as otherwise specified herein, any notice required or authorized by this Agreement shall be deemed properly given to a Party when sent to its designated representative by facsimile or other electronic means (with a confirmation copy sent by United States mail, first-class postage prepaid), by hand delivery, or by United States mail, first-class postage prepaid. The Parties' designated representatives are as follows:

If to LG&E/KU:

Louisville Gas and Electric Company
119 North 3rd Street
Louisville, Kentucky 40202
Facsimile: (502) 627-4716

And

Kentucky Utilities Company
119 North 3rd Street
Louisville, Kentucky 40202
Facsimile: (502) 627-4716

If to the Reliability Coordinator:

Tennessee Valley Authority
1101 Market Street, PCC 2A
Chattanooga, Tennessee 37402-2801
Facsimile: (423) 697-4120

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 Reliability Coordinator shall provide LG&E/KU prior written notice of the replacement of any Key Personnel.

16.2 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.

16.3 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.

16.4 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 applicable state and federal laws, without regard to the laws requiring the applicability of the laws of another jurisdiction.

17.2 Amendment. This Agreement shall not be varied or amended unless such variation or amendment is agreed to by the Parties in writing.

17.3 Assignment. Neither Party shall sell, assign, or otherwise transfer any or all of its respective rights hereunder, or delegate any or all of its respective obligations under this Agreement.

17.4 No Third Party Beneficiaries. Nothing in this Agreement is intended to confer any benefits upon any person or entity not a Party to this Agreement. This Agreement is made solely for the benefit of the Parties and nothing herein shall be construed as a stipulation for the benefit of others, and no third party shall be entitled to enforce this Agreement against any Party hereto.

17.5 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.

17.6 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, condition or other change to this Agreement is imposed by a court or regulatory authority of competent jurisdiction which materially affects the benefits or obligations of the Parties, then 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.

If such negotiations are unsuccessful, then either Party may terminate this Agreement pursuant to Section 4.5.1.

17.7 Representations and Warranties. Each Party represents and warrants to the other Party as of the Execution Date and the Effective Date as follows:

17.7.1 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.

17.7.2 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.

17.7.3 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.

17.7.4 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, that are required for it to execute, deliver, and perform its obligations under this Agreement.

17.7.5 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.

17.7.6 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.

17.8 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.

17.9 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, including that certain Reliability Coordinator Agreement, dated as of January 10, 2006, between the Parties. 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.

17.10 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.

17.11 Time of the Essence. With respect to all duties, obligations and rights of the Parties, time shall be of the essence in this Agreement.

17.12 Interpretation. Unless the context of this Agreement otherwise clearly requires:

17.12.1 all defined terms in the singular shall have the same meaning when used in the plural and vice versa;

17.12.2 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;

17.12.3 references to “Section” or “Attachment” refer to this Agreement, unless specified otherwise;

17.12.4 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;

17.12.5 references to “includes,” “including” and similar phrases shall mean “including, without limitation;”

17.12.6 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;

17.12.7 “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

17.12.8 references to a particular entity include such entity's successors and assigns to the extent not prohibited by this Agreement.

17.12.9 any capitalized terms used in this Agreement, including the Appendices, that are not defined in this Agreement or in the Appendices, shall have the meaning established in the applicable NERC documentation.

17.13 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.

17.14 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:

~~SOUTHWEST POWER POOL, INC.~~

~~Name:~~
~~Title:~~
~~Date:~~

**ATTACHMENT A
TO THE RELIABILITY COORDINATOR AGREEMENT**

DESCRIPTION OF THE PRIMARY FUNCTIONS

The Reliability Coordinator is responsible for bulk transmission reliability and power supply reliability functions. Bulk transmission reliability functions include reliability analysis, loading relief procedures, re-dispatch of generation and ordering curtailment of transactions and/or load. Power supply reliability functions include monitoring Balancing Authority Area performance and ordering the Balancing Authority to take actions, including load curtailment and increasing/decreasing generation in situations where an imbalance between generation and load places the system in jeopardy. The procedures to be followed by the Reliability Coordinator shall be consistent with those of NERC and are spelled out in the NERC Approved Reliability Plan for the TVA Reliability Coordination Area and TVA Standard Procedures and Policies.

I. Reliability Coordinator General Functions:

The Reliability Coordinator shall perform the following functions:

- a) Serving as NERC designated reliability coordinator and represent the TVA Reliability Area at the NERC and Regional Reliability Council level.
- b) Implementing applicable NERC and regional reliability criteria initiatives, such as maintaining a connection to NERC's Interregional Security Network ("ISN"), day-ahead load-flow analysis, transmission loading relief procedures, and information exchange.
- c) Developing and coordinating with the Reliability Coordination Advisory Committee ("RCAC") new Reliability Coordinator Procedures and revisions to existing Reliability Coordinator Procedures.
- d) Exchanging timely, accurate, and relevant Transmission System information with LG&E/KU, ~~the ITO~~, and with other reliability coordinators.
- e) Developing and maintaining system models and tools needed to perform analysis needed to develop operational plans.
- f) Coordinating with neighboring reliability coordinators and other operating entities as appropriate to ensure regional reliability.
- g) All other reliability coordinator functions as required for compliance with applicable NERC Reliability Standards and Regional Reliability Council standards, as the same may be amended or modified from time to time.

II. Real-time Operations:

A. Reliability Coordinator Functions:

The Reliability Coordinator shall perform the following functions:

- a) Monitoring, analyzing, and coordinating the reliability of LG&E/KU's facilities and interfaces with other Balancing Authorities, Transmission Operators, and other reliability coordinators.
- b) Performing analyses to develop an evaluation of system conditions. LG&E/KU will provide necessary information (e.g., outages and transactions) and Transmission System conditions, as applicable, to the Reliability Coordinator in accordance with applicable NERC Reliability Standards. The results of these analyses will be provided to LG&E/KU and neighboring reliability coordinators in accordance with applicable NERC Standards and Regional Reliability Council Standards.
- c) Determining, directing, and documenting appropriate actions to be taken by LG&E/KU, ~~the ITO and Reliability Coordinator~~ in accordance with the NERC Reliability Standards, including curtailment of transmission service or energy schedules, re-dispatch of generation and load shedding as necessary to alleviate facility overloads and abnormal voltage conditions, and other circumstances that affect interregional bulk power reliability.
- d) Coordinating transmission loading relief and voltage correction actions with LG&E/KU and with other reliability coordinators.

B. LG&E/KU Responsibilities:

LG&E/KU shall have the following responsibilities:

- a) Ensuring appropriate telemetry and providing Reliability Coordinator real-time operational information for monitoring.
- b) Receiving from the Reliability Coordinator all reliability alerts for TVA Reliability Area and neighboring reliability coordinators.
- c) Following Reliability Coordinator directives for corrective actions (e.g., curtailments or load shedding) during system emergencies or to implement TLR procedures.
- d) Receiving from Reliability Coordinator all notices regarding Transmission System limitations or other reliability issues, as appropriate.

III. Forward Operations:

A. Reliability Coordinator Functions:

The Reliability Coordinator shall perform the following functions:

- a) Performing analyses and develop an evaluation of the expected next-day Transmission System operations. The results of these analyses shall be provided to LG&E/KU, ~~the ITO~~ and neighboring reliability coordinators in accordance with

applicable NERC Reliability Standards and Regional Reliability Council Standards.

- b) Performing analysis of planned transmission and generation outages and coordination of outages with NERC, participants in reliability coordination agreements, and other reliability coordinators as appropriate and as required by NERC. This entails analysis and coordination of planned outages which are beyond next day and intra-day outages.
- c) Analyzing and approving all planned maintenance schedules on facilities 100kV and above and planned maintenance of generation facilities submitted by LG&E/KU in conjunction with other work on the regional transmission grid to determine the impact of LG&E/KU's planned maintenance schedule on the reliability of the facilities under TVA's purview as Reliability Coordinator, and the purview of neighboring reliability coordinators, and any other relevant effects; and coordinate impacts on available transfer capability with the ~~ITO~~[Transmission Owner](#).
- d) Coordinating, as required by either NERC or other agreements, planned maintenance schedules with all adjacent reliability coordination areas and/or Balancing Authority Areas and Transmission Providers; as well as the ~~ITO~~[Transmission Owner](#).

B. LG&E/KU Responsibilities:

LG&E/KU shall have the following responsibilities:

- a) Providing generation-related information (e.g., outages and transactions) and expected Transmission System conditions (e.g., transmission facility outages and transactions), as applicable, to the Reliability Coordinator for the next-day operation in accordance with applicable NERC Reliability Standards and Regional Reliability Council standards.
- b) Submitting facility ratings and operational data for all generators and transmission facilities in the LG&E/KU footprint.
- c) ~~Coordinating with the ITO and submitting~~[Submitting](#) to the Reliability Coordinator generation dispatch information for the LG&E/KU footprint and following Reliability Coordinator directives regarding dispatch adjustments to mitigate congestion.
- d) Submitting to the Reliability Coordinator generation operation plans and commitments for reliability analysis.
- e) Submitting to the Reliability Coordinator transmission maintenance plans for reliability analysis.
- f) Following Reliability Coordinator directives to revise transmission maintenance plans as required to ensure grid reliability.

- g) Receiving from Reliability Coordinator all notices regarding reliability analyses for the TVA Reliability Area as well as neighboring reliability coordinators.
- h) Representing LG&E/KU on the RCAC and in all RCAC deliberations.

IV. JRCA Implementation and Regional Congestion Management

For the purposes of this section IV, capitalized terms will have the definitions used in the JRCA and its related Congestion Management Plan (“CMP”), unless otherwise noted in this section IV.

A. Reliability Coordinator Functions:

~~The following functions to be performed by the Reliability Coordinator shall be performed in conjunction with the functions to be performed by the Independent Transmission Operator under the Independent Transmission Organization Agreement and~~ will fully incorporate the LG&E/KU operations into the procedures and protocols governing other facilities in the Reliability Coordinator’s Reliability Area in accordance with the provisions of the JRCA:

- a) Identifying Coordinated Flowgates and determination of flowgates requiring Reciprocal Coordination (twice annually).
- b) Performing Historic Firm Flow Calculations -- implement transmission service reservation set and designated resources provided by LG&E/KU for established freeze date; calculate historic firm flow values and ratios for all coordinated flowgates on LG&E/KU’s system (bi-annually).
- c) Developing reciprocal coordination agreements that establish how each Operating Entity will consider its own flowgates as well as the usage of other Operating Entities when it determines the amount of flowgate or constraint capacity remaining. This process will include both operating horizon determination as well as forward looking capacity allocation.
- d) Implementing AFC Process -- determine AFC attribute requirements; obtain NNL Impact Data; implement Allocation Calculation Process; implement AFC calculation process.
- e) ~~The Reliability Coordinator will provide the ITO~~ Provide the Transmission Owner flowgate AFCs on an hourly basis and flowgate allocations on a daily basis.

B. LG&E/KU Responsibilities:

LG&E/KU is obligated to uphold the terms and conditions of the JRCA, and providing the Reliability Coordinator with the information and support it needs in order to carry out its duties under Section 2.3.5 of the JRCA, as LG&E/KU’s Reliability Coordinator. LG&E/KU shall have the following responsibilities.

LG&E/KU will be responsible for ~~coordinating with the ITO and~~ providing Transmission System data to the Reliability Coordinator including, but not limited to:

Operating information:

- (i) Transmission Service Reservations;
- (ii) Load forecast requirements;
- (iii) Flowgates requirements;
- (iv) AFC data requirements;
- (v) PSSE Models Requirements;
- (vi) Designated Network Resources requirements;
- (vii) Jointly owned units;
- (viii) Dynamic schedules;
- (ix) NNL allocations requirements; and,
- (x) NNL Evaluator Requirements.

Projected operating information:

- (i) Unit commitment/merit order;
- (ii) Firm purchase and sales (including grandfathered agreements);
- (iii) Independent power producer information including current operating level, projected operating levels, Scheduled Outage start and end dates;
- (iv) Planned and actual operational start-up dates for any permanently added, removed, or significantly altered transmission segments; and
- (v) Planned and actual start-up testing and operational start-up dates for any permanently added, removed, or significantly altered generation units.

C. **ITO/JRCA Responsibilities:**

~~The ITO~~In addition, the Transmission Owner shall have the following responsibilities in support of the JRCA, which it will carry out in compliance with the terms of the JRCA:

- a) Providing to the Reliability Coordinator all transmission facility plans and facility upgrade schedules.
- b) Providing to the Reliability Coordinator the status of all transmission service requests and all new transmission service agreements.
- c) Receiving from the Reliability Coordinator all flowgate AFCs on an hourly basis and flowgate allocations on a daily basis.

- d) Converting flowgate information provided by the Reliability Coordinator to ATC values for posting on OASIS and for analyzing TSRs.
- e) Implementing CMP business rules for AFC vs. ASTFC.
- f) Honoring all AFC allocations and AFC over-rides from other CMP participants in the evaluation and granting of transmission service.

V. Reliability Coordination

A. Reliability Coordinator Functions:

The Reliability Coordinator will ensure a long-term (one year and beyond) plan is available for adequate resources and transmission within the TVA Reliability Area. The Reliability Coordinator will integrate the Annual Plan provided by the ~~HO~~[Transmission Owner](#) with plans of other operating entities in the Reliability Coordination Area and assess the plans to ensure those plans meet reliability standards. The Reliability Coordinator will advise the ~~HO~~[Transmission Owner](#) of solutions to plans that do not meet those standards. The Reliability Coordinator will then coordinate the Reliability Area Plan with those of neighboring reliability coordinators and Planning Coordinators to ensure wide-area grid reliability.

These functions include:

- a) Integrating the transmission and resource (demand and capacity) system models provided by the ~~HO~~[Transmission Owner](#) with those of other Reliability Coordinator Area operating entities to ensure Transmission System reliability and resource adequacy.
- b) Applying methodologies and tools to assess and analyze the Transmission System's expansion plans and the resource adequacy plans.
- c) Collecting all information and data required for modeling and evaluation purposes.
- d) Integrating and verifying that the respective plans of the Resource Planners and Transmission Planners within the TVA Reliability Area meet reliability standards.
- e) Coordinating the Reliability Coordinator Area plan with neighboring Reliability Coordinators for review, as appropriate.
- f) Integrating the Reliability Coordinator Area plan with neighboring Planning Coordinators/reliability coordinators' plans to provide a broad multi-regional bulk system planning view.

B. LG&E/KU Responsibilities:

LG&E/KU shall have the following responsibilities:

- a) Providing to the Reliability Coordinator demand and energy end-use customer forecasts, capacity resources, and demand response programs.

- b) Providing to the Reliability Coordinator generator unit performance characteristics and capabilities.
- c) Providing to Reliability Coordinator long-term capacity purchases and sales.

ATTACHMENT B

DIVISION OF RESPONSIBILITIES FOR THE PLANNING FUNCTION

Overview

~~This Attachment B to the Reliability Coordinator Agreement is designed to provide a division of responsibilities between LG&E/KU, the ITO and the Reliability Coordinator. Long term Transmission Planning for LG&E/KU's footprint will be conducted as an iterative process as follows: 1) LG&E/KU will develop the long term Annual Transmission Plan ("Annual Plan") and submit the Annual Plan to the ITO for initial approval; 2) The ITO will review and conduct an engineering assessment of the Annual Plan; and if it is approved, the ITO will submit the Annual Plan to the Reliability Coordinator; 3) The Reliability Coordinator will conduct a regional assessment of the Annual Plan, subject to the conditions below; 4) The Reliability Coordinator will submit any changes based on its regional assessment to the ITO for final review and approval. The ITO will ensure that transmission planning on the Transmission Owner's system is done on an independent, non-discriminatory basis. This process is further detailed below.~~

~~1. Plan Development by LG&E/KU~~

~~LG&E/KU will be responsible for the following tasks:~~

~~1.1 System Models for Transmission Planning. LG&E/KU will develop and maintain all transmission and resource (demand and capacity) system models, to evaluate Transmission System performance and resource adequacy. As part of these duties LG&E/KU is responsible for:~~

~~1.1.1 Creating 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 LG&E/KU'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 Reliability *First* regional models.~~

~~1.1.2 Providing the Base Case Model to the ITO for review and approval according to the iterative process outlined in the overview to this Attachment B.~~

~~1.1.3 Maintaining other transmission models including, but not limited to steady-state, dynamic and short-circuit models.~~

~~1.2 Assess, develop, and document Resource and Transmission Expansion plans. LG&E/KU will assess, develop, and document Resource and Transmission Expansion plans including the Annual Plan. These plans include the following responsibilities:~~

~~1.2.1—Maintaining and apply methodologies and appropriate tools for the development, analysis and simulation of the Transmission System in the assessment and development of transmission expansion plans and the analysis and development of resource adequacy plans.~~

~~1.2.2—Developing a long-term (generally one year and beyond) plan for the reliability (adequacy) of the Transmission System.~~

~~1.2.3—Defining system protection and control needs and requirements, including special protection systems (remedial action schemes), to meet reliability standards.~~

~~1.2.4—Developing and report, as appropriate, on the Annual Plan for assessment and compliance with reliability standards.~~

~~1.2.5—Monitoring and report, as appropriate, its Annual Plan implementation.~~

~~1.3—Information. LG&E/KU will define, collect and develop information required for planning purposes, including:~~

~~1.3.1—Transmission facility characteristics and ratings. Collect and maintain specific transmission information regarding characteristics of transmission facilities, lines, equipment, and methodologies, for determining the appropriate thermal ratings of circuits and transformers, including information on transmission line design temperature, voltage and stability limits and other transformer test data.~~

~~1.3.2—Demand and energy end-use customer forecasts, capacity resources, and demand response programs. Including:~~

~~i.——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 noncoincident peak demands and power factor at each delivery point;~~

~~ii.——Plans for new delivery points for the following ten years;~~

~~iii.——Resource plans for the following 10 years;~~

~~iv.——Expectations for market access to on- and off-system generation resources;~~

~~v.——All planned on-system distributed generation resources; and~~

~~vi.——Information on all interruptible loads.~~

~~1.4.3—Generator unit performance characteristics and capabilities.~~

~~LG&E/KU 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 for performance its various functions. LG&E/KU shall submit and coordinate generator unit schedules as necessary to permit the ITO to assess transmission transfer capability and to permit the Reliability Coordinator to assess transmission reliability. LG&E/KU 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 for performance its various functions.~~

~~1.4.4—Long term capacity purchases and sales. LG&E/KU will maintain a list of all long term capacity purchases and sales and include this information in its model development and the Annual Plan.~~

~~2—ITO Review and Assessment~~

~~The ITO will be responsible for the following tasks:~~

- ~~2.1—Independently reviewing and approving LG&E/KU's Planning Criteria. If the ITO concludes that additional explanatory detail is required, LG&E/KU will modify the appropriate business practice documents to include the additional detail. The ITO will ensure that the final versions of the Planning Criteria are posted on OASIS;~~
- ~~2.2—Reviewing and approving LG&E/KU's Base Case Model; reviewing, evaluating, and commenting on the Annual Plan as developed by LG&E/KU. This review and evaluation will be based on all applicable planning criteria and statewide or multi-state transmission planning requirements;~~
- ~~2.3—Monitoring LG&E/KU's transmission facility ratings based on access to data necessary to evaluate such ratings;~~
- ~~2.4—Performing an Independent assessment of the Transmission System using the Planning Criteria and the Base Case Model. As part of this assessment, the ITO will independently evaluate whether: (i) LG&E/KU'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;~~
- ~~2.6—Holding a Transmission Planning Conference to gather input and consider the planning process and LG&E/KU's Annual Plan; and~~
- ~~2.7—Providing LG&E/KU with its conclusions regarding the reliability assessment and evaluation of the Annual Plan, including any outstanding issues that the ITO believes LG&E/KU should address. LG&E/KU will have the opportunity to review the ITO's conclusions and may submit a revised Annual Plan and supporting~~

~~documentation to the ITO to address any outstanding issues. Once the Annual Plan has been finalized by LG&E/KU, the ITO will submit the Annual Plan to the Reliability Coordinator for regional coordination.~~

~~3 Regional Coordination~~

~~[RESERVED]~~

~~The Reliability Coordinator will be responsible for the following tasks:~~

- ~~3.1 Integrating and verifying that the respective plans for the regional area meet reliability standards.~~
- ~~3.2 Identifying and reporting on potential Transmission System and resource adequacy deficiencies in the regional area, and provide alternate plans that mitigate these deficiencies.~~
- ~~3.3 Reviewing and reporting, as appropriate, on LG&E/KU's Annual Plan for assessment and compliance with reliability standards within their regional area.~~
- ~~3.4 Notifying impacted transmission entities within their regional area if any planned transmission changes that may impact their facilities.~~
- ~~3.5 Submitting Annual Plan, including any changes based on the regional coordination, to the ITO for final approval.~~

~~4 Final Review and Assessment~~

- ~~4.1 The ITO shall have final review and assessment of all plans. If the ITO cannot approve a plan after regional coordination, then the ITO will return the plan to LG&E/KU for further development as appropriate. The process for final approval of any previously rejected plan will follow the same iterative process as outlined above.~~
- ~~4.2 The ITO will post LG&E/KU's finalized Annual Plan on OASIS.~~

~~5 Implementation of Plan and Construction of Upgrades~~

- ~~5.1 LG&E/KU is responsible for the implementation of the Annual Plan. LG&E/KU will make a good faith effort to design, certify, and build facilities approved by the ITO in the Annual Plan.~~
- ~~5.2 In the case where the Reliability Coordinator or the ITO does not agree with the Annual Plan, nothing in this Attachment B shall prevent LG&E/KU 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.~~

**ATTACHMENT C
TO THE RELIABILITY COORDINATOR AGREEMENT**

LIST OF KEY PERSONNEL

TVA Reliability Coordination Services

List of Key Personnel and Qualifications

August 2006

Reliability Coordination Services Staff

Stuart L. Goza, Manager, Reliability Coordination Services

BS Engineering (Specialization - Electrical Power Systems); Masters in Business Administration

NERC Certified System Operator

23 years experience in Electric Utilities Industry - experience in generation planning, transmission planning, control area operations, bulk power marketing and reliability coordination.

Daniel Kehoe, Reliability Coordinator System Operator (RCSO)

B.S. Electrical Engineering, Professional Engineer License (PE), NERC Certified

10+ years in Transmission / Substation Planning (Hoosier Energy)

4+ years in Operational Planning (TVA)

<1 year as RCSO (TVA)

Jason Schwab, Specialist, Reliability and Operations

10 years experience in power system operations, 10 years experience in nuclear power plant operations Responsible for monitoring TVA Reliability Area to ensure NERC and TVA reliability standards are maintained.

Mark Creech, Specialist, Reliability Analysis and Operations Bachelor of Science in Engineering (Major: Electrical Engineering), Associate of Science

(Completed coursework in the Transfer Program), Associate of Science

(Major: Electronics and Control Engineering Technology)

Specialist, Reliability Analysis and Operations (2004 – present), Manager, NERC/NAESB Policy

Interpretation (2003 – 2004), Power Supply Reliability Specialist (2002 – 2003), Associate

System Controller (2000 – 2002), SERC (South Eastern Reliability Council) Compliance

Sub-Committee, Senior Instrument and Control “Metrologist” (1985 – 2000)

Mark Vastano, RCSO, NERC Certification #RA200412334- Expires 12/30/2009

BA in Economics with concentration in business, Completed TVA SGPO program at Wheeler Hydro Plant in 1982.

Approximately 15 years operating experience with TVA as: Reliability Coordinator, Transmission Provider, Balancing Authority, ~~Transmission~~[Transmission](#) operator (dispatcher SE Cell), Senior Switchboard Operator Shawnee Fossil Plant

Substation Operator, Operator Hydro Wilson Hydro Plant, several years experience with TVA in Human ~~Resource~~[Resource](#) / Labor relations .

Terry D. Williams, RCSO

Currently on rotational assignment as Specialist, Reliability Analysis and Operations (SRAO)

NERC Certified System Operator, Reliability (2000 - present), Certification of Successful

Completion of TVA Operator Training Program (1982)

(Over 26 years of experience in Electric Transmission System and Hydro Power Plant operations, with progressive levels of accountability, responsibility and supervision) - 7/2000 - Present
Reliability Coordinator System Operator, 7/1993 - 7/2000 Transmission Operator (Power System Dispatcher), 3/1993 - 7/1993 Senior Operator - Hydro, 6/1985 - 3/1993 Operator - Hydro, 5/1982 - 6/1985 Substation Operator II, 2/1980 - 5/1982 Student Generating Plant Operator

Roddie L Stewart, Reliability Coordinator System Operator (RCSO)

Student Generator Plant Operator 2 year program, Certifications, NERC Certified System Operator Reliability

1.5 Years as substation operator at West Point Ms., 15 Years as Hydro Plant Operator (Great Falls and Wilson Hydro), Passed Senior Operator Hydro Exam in 1997, 3.5 Years Dispatcher (Transmission Operator) South West and North West Cell for TVA, 3 Years as ~~Reliability~~Reliability Operator/Transmission Provider, 3 Years as Reliability Coordinator System Operator

Joel Wise, Specialist, Reliability Analysis and Operations

NERC Certification, RA level

Conventional Hydro Operator, Duke Power Co., 1 year

Pumped Storage Hydro Operator, Duke Power Co., 7 years

System Operator, Duke Energy, 5 1/2 years, included BA, IA, TP, and RC responsibilities

Balancing Authority System Operator, TVA, 2 1/2 years, including 1 year as a Senior BA

Specialist, Reliability Analysis and Operations, TVA, 2 years

Jeffrey O. Yauman, SRAO

Associate Degree – Electrical Engineering Technology, Associate Degree – Electro-mechanical Engineering Technology, Associate of Arts Degree

NERC Certified System Operator since February 1999 (exp. 10/2008)

March 2004 - Present - SRAO, May 2002 - March 2004 – System Dispatcher, June 1974 – May

2002 Supervisor of System Operations, 1996 – 1999 System Operations - System Dispatcher,

1985 – 1996 System Operations – System Operator, 1980 – 1985 Dispatcher, 1974 – 1980 –

System Operations - Technician

Donald Herring, RCSO

Philipsburg-Osceola Area High School, AS Degree Nuclear Technology

8 years qualified (on 3 separate nuclear sites) as Navy Nuclear Operator, 11 years as Transmission Operator (NERC certified), 5 years RCSO (NERC certified).

Greg Byrom, RCSO

Hydro operator training - 2 years at Wilson Hydro, Hydro operator - 1 year at Pickwick Hydro,

Substation operator - 3 years Bowling Green Kentucky area, 10 years grade 7 electrical control

building operator - Widows Creek Fossil plant, Power system dispatcher training - Chickamauga

dispatching office, Power System Dispatcher - 4 years at Jackson - Wilson and Chattanooga SOC,

Reliability operator and coordinator - 6 years at Chattanooga System Operations Center and

Regional Operations Center

Wai Ran Wu, SRAO

BS Electrical Engineering, NERC Certified System Operator

25 years experience in Electrical Utilities Industry, 15 years in System (Generation/Transmission) Planning, 6 years in Engineer/Manager, System Reliability, 4 years in Reliability Coordination.

Transmission System Reliability Group

Doug Bailey - Mgr, Transmission System Reliability

Education: BSEE - University of Kentucky

Experience: 15 years at TVA, 2 years in current position, 2 years as Mgr, Senior Transmission Operator, 2 years as Spec, Transmission System Operator, 3 years as Power System Engineer in SCADA/EMS, 2 years as Electrical Engineer in Transmission Operations and Maintenance, 4 years as Power Utilization Engineer.

NERC Certified System Operator (N20015106)

Jennifer R. Weber, Transmission Reliability Specialist

Education: BSEE, MSEE (Auburn University), PE License (WA #33920), NERC Certified System Operator (N200114999), IEEE Senior Member (#01928019)

Experience: 5 years with TVA: Nuclear Offsite Power (NOP) grid operations analysis and support, NERC and IEEE NOP Standards Development. 10 years past experience: Hydro system operations planning, power and transmission resource ~~utilitization~~utilization planning, generator outage coordination, transmission contract analysis and negotiation, and power budget preparation (City of Seattle). Nuclear plant Design Engineering and System Engineering, Licensing support, Root Cause Analysis, Management SRO Certification (WPPSS). Lunar Base power system conceptual design (NASA/Auburn)

Colleen M. Hawes, Sr. Electrical Engineer

Education: BSEE, Auburn University

Experience: 26 years at TVA, 1 year as Senior Engineer in operations planning, 3 years as Senior Engineer in ~~resoueer~~resource planning, 10 years as Power Supply Analyst in Bulk Power Trading, 5 years as Program Manager in Nuclear Engineering, 7 years as Power Supply Engineer

Gary Kobet, Electrical Engineer

Education: MSEE Mississippi State University, BSE (electrical) Univ Alabama-Huntsville, registered P.E. in Alabama

Experience: 16 years for TVA, 10 as field engineer, 6 as protection engineer, 3 months in present section ~~stuyding~~studying voltage stability

Richard McCrory, Electrical Engineer

Education: BSEE, Auburn University

Experience: 5 year with TVA, 4 years in resource planning, 1 year in operations planning

Shaun McFarland, Electrical Engineer

Education: BSEE, Mississippi State University

Experience: 4 years with TVA in operations planning.

Armando Rodriguez, Electrical Engineer
Education: BSEE, Tennessee Tech University
Experience: 3.5 years with TVA in operations planning.

Chuck Shue, Electrical Engineer
Education: BSEE, Mississippi State University
Experience: 3.5 years with TVA in operations planning.

Valarie Clark, Electrical Engineer
Education: BS, Southern University, MSE University of Portland
Experience: 2.5 years with TVA in operations planning. 2 years with BPA in long-term planning.

Shaker Manns, Electrical Engineer
Education: BSEE, University of Tennessee, Chattanooga
Experience: 1 year with TVA in operations planning.

Ben Taylor, Electrical Engineer
Education: BSEE, University of Tennessee, Chattanooga
Experience: 3 months with TVA in operations planning

Nate Schweighart, Electrical Engineer
Education: BSEE, University of Illinois, Champaign-Urbana
Experience: 5 years with TVA in transmission planning

EXHIBIT 1
TO THE RELIABILITY COORDINATOR AGREEMENT

A copy of the Joint Reliability Coordination Agreement and the Congestion Management Process is available at: http://www.midwestiso.org/publish/Folder/2b8a32_103ef711180_75ee0a48324a?rev=1.

ATTACHMENT R
FEASIBILITY ANALYSIS SERVICE (“FAS”) AGREEMENT

Name of Project:

Reservation:

FAS Agreement Number:

Date Request sent to ~~HQ~~[Transmission Owner](#):

Entity making request:		
Responsible party marking request:		
Phone:	Fax:	Email:
Nature of Request:		
Service Type:	Firm:	
POR:	POD:	
SOURCE:	SINK:	
Transaction Period:		

Pursuant to the LG&E/KU Open Access Transmission Tariff, any Eligible Customer may request that the ~~HQ~~[Transmission Owner](#) perform or cause to be performed (by the Transmission Owner or a third party [at the Transmission Owner’s option](#)) a Feasibility Analysis. This Agreement shall be signed and returned to the ~~HQ~~[Transmission Owner](#) within **15 days** in order for the FAS request to remain valid.

1. The Feasibility Analysis shall be limited to an informal assessment of the nature of, costs of and timeline for the direct assignment facilities or network upgrades necessary to provide Network Integration Transmission Service to the requesting Transmission or Network Customer. **SUCH COST AND TIME ESTIMATES ARE A HIGH-LEVEL ESTIMATE ONLY AND ARE EXPRESSLY NON-BINDING ON ANY OF THE PARTIES. THE ~~HQ~~TRANSMISSION OWNER RETAINS ITS FULL AND SOLE AUTHORITY TO CONDUCT A FORMAL SIS AND TO EVALUATE REQUESTS FOR SERVICE.**
2. The Feasibility Analysis will analyze the request based on the existing state of the system, as comprised by the base case and the Transmission Expansion Plan ~~(as approved by SPP)~~ for the year in which the FAS request is made. The Feasibility Analysis will not take into account either a) pending requests for transmission service or b) pending FAS requests. Additionally the FAS will not address conditional firm or planning redispatch services.
3. The Feasibility Analysis shall be completed within 30 days of return of this signed Agreement. In the event the Feasibility Analysis is not completed within 30 days, you will be notified of the estimated completion date and provided an explanation of the delay.
4. The requesting entity shall pay the ~~HQ~~[Transmission Owner](#) a flat fee of \$5,000.00 (five thousand dollars), which must be paid before the Feasibility Analysis can commence. If the requesting entity subsequently requests a System Impact Study pursuant to the Tariff, the Feasibility Analysis fee will be credited back to the requesting entity, up to the amount of the cost of any subsequent System Impact Study.

I agree to the terms and conditions of this FAS Agreement and authorize the [HΘTransmission Owner](#) or the [HΘTransmission Owner](#)'s designee to proceed with the Feasibility Analysis.

(Signature and Title)

(Date)

Accepted by the [HΘTransmission Owner](#):

(Signature and Title)

(Date)

This FAS Agreement should be returned executed via fax for time-stamp to [HΘTransmission Owner](#) at [_____]. An executed hard copy should also be mailed to:

Additional details regarding the Feasibility Analysis should be coordinated through [_____] at [Phone].

This agreement completed by:
Title:

Date:
Phone:

Document comparison by Workshare Professional on Friday, October 30, 2009 1:03:03 PM

Input:	
Document 1 ID	file://C:/Documents and Settings/ballarll/My Documents/E.ON Docs for Daniel/ORIGINAL E.ON OATT.DOC
Description	ORIGINAL E.ON OATT
Document 2 ID	file://C:\DOCUME~1\ballarll\LOCALS~1\Temp\Workshare\wtemp124\~wtf03391FB0.doc
Description	~wtf03391FB0
Rendering set	standard

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	1924
Deletions	2990
Moved from	3
Moved to	3
Style change	0
Format changed	0
Total changes	4920