

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

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

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

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

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

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

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

#### Attachment G

##### *Network Operating Agreement*

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

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

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

#### Attachment H

##### *Annual Transmission Revenue Requirement For Network Integration Transmission Service*

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

#### Attachment I

##### *Index of Network Integration Transmission Service Customers*

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

[FR Doc. 98-132 Filed 1-5-98; 8:45 am]

BILLING CODE 6450-01-P

## DEPARTMENT OF ENERGY

### Western Area Power Administration

#### Open Access Transmission Service Tariff

**AGENCY:** Western Area Power Administration, DOE.

**ACTION:** Notice of final Tariff.

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

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

#### FOR FURTHER INFORMATION CONTACT:

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Mr. James D. Keselburg, Power Marketing Manager, Rocky Mountain Region, Western Area Power Administration, P.O. Box 3700, Loveland, CO 80539-3003; (970) 490-7370

Ms. Zola Jackson, Power Marketing Manager, Sierra Nevada Region, Western Area Power Administration, 114 Parkshore Drive, Folsom, CA 95630-4710; (916) 353-4421

Mr. Robert Fullerton, Corporate Communications Office, Western Area Power Administration, Post Office Box 3402, Golden, CO 80401-0098; (303) 275-2700.

#### SUPPLEMENTARY INFORMATION:

##### Table of Contents

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

#### I. Procedures

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

#### II. Background

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

amount Western requires for the delivery of long-term firm capacity and energy to project use and electric service customers of the Federal government. Western will offer to provide others transmission service equivalent to the service Western provides itself.

Western was established on December 21, 1977, pursuant to Section 302 of the Department of Energy (DOE) Organization Act, Public Law 95-91, dated August 4, 1977. Western's primary and long-standing mission is to market Federal power resources with emphasis on maintaining an efficient and reliable power system. Western is a power supplier that markets and transmits Federal power resources in 15 Central and Western States encompassing a geographic area of 3.38 million-square-kilometers (1.3 million-square-miles). Western has four Customer Service Regional Offices and the Colorado River Storage Project Customer Service Center (CRSP CSC), each referred to in the Tariff as a Regional Office. Western markets power and provides transmission service from various multi-purpose hydroelectric projects.

Western is not a public utility under Sections 205 and 206 of the Federal Power Act and is not specifically subject to the requirements of the FERC Order Nos. 888 and 888-A. Western is a transmitting utility subject to Section 211 of the Federal Power Act as amended by the Energy Policy Act of 1992.

FERC issued a Notice of Proposed Rulemaking (NOPR) for Open Access Transmission Service, published at 60 FR 17662, on April 7, 1995. On October 4, 1995, the Secretary of DOE adopted a Power Marketing Administration Open Access Transmission Policy which stated that DOE supported the spirit and intent of the NOPR. The Secretary of DOE stated that the Power Marketing Administrations would comply with the principles set forth in the FERC's final rule to the extent consistent with applicable law. FERC issued its final rule, Order No. 888, published at 61 FR 21540 on May 10, 1996, and followed with Order No. 888-A, published at 62 FR 12273, on March 14, 1997.

In early 1996, Western began developing a Tariff Equivalent Package (TEP) to comply with the Secretary's directive. A draft TEP, which was designed as a Western-wide document that would contain Region-specific rates and charges, was completed in July 1996 and sent to Western's electric service customers, transmission-service customers, and other interested parties for review and comment. Western

accepted comments on the TEP through November 1996.

After evaluating comments, Western modified its original concept of preparing a Western-wide TEP and began developing Regional Open Access Transmission Service Guidelines (Regional Guidelines). These Regional Guidelines contained service agreements consistent with the specific conditions applicable to each Region. The resulting documents were sent to electric service customers, transmission customers, and other interested parties for review and comment in April 1997. The review period for those documents ended in early June 1997. Customer and interested party participation was conducted informally.

Western began its formal process of developing this Tariff when it issued a Notice of Proposed Tariff published at 62 FR 50572 on September 26, 1997. A formal comment period lasted for 31 days. On October 7, 1997, Western held a combined public information and public comment forum. The comments received during the comment period were considered in developing this final Tariff.

Western will submit the Tariff document to FERC under a non-jurisdictional docket and request a declaratory order from FERC that this Tariff meets the FERC comparability standards as set forth in FERC Order Nos. 888 and 888-A. Consistent with a single FERC filing, Western has developed and will file this Tariff with appended schedules and attachments. Western's Tariff includes Attachment J, Provisions Specific to the Transmission Provider, and Attachment K, Authorities and Obligations, which are specific to Western and are not found in FERC's pro forma tariff.

By law, the Bureau of Reclamation (Reclamation) provides Federal power resources to its project use customers. By law, Western markets Federal power resources to its electric service customers. Western's transmission system was built primarily to enable the delivery of Federal power to satisfy these contractual obligations. Western's Regional Offices reserved transmission capacity shall, therefore, include capacity sufficient to deliver Federal power resources to customers of the Federal government. Nothing in this Tariff shall alter, amend, or abridge the statutory or contractual obligations of Western to market and deliver Federal power resources and to repay the Federal investment in such projects. This Tariff provides for transmission, including each Regional Office's use of those facilities for third party sales, on the unused capacity of transmission

facilities under the jurisdiction or control of each of Western's Regional Offices not required for the delivery of long-term firm capacity and energy to customers of the Federal government in a manner consistent with the spirit and intent of FERC Order Nos. 888 and 888-A.

Western has prepared this Tariff and service agreements to provide transmission service comparable to that required of public utilities by FERC Order Nos. 888 and 888-A, and to implement those Orders consistent with the DOE Policy. An entity desiring transmission service from Western must comply with the application procedures outlined herein. The review and approval requirements detailed herein will apply to all requesting parties. Western will perform the necessary studies or assessments for evaluating requests for transmission service as set forth in this Tariff. Any facility construction or interconnection necessary to provide transmission service will be subject to Western's General Requirements for Interconnection which are available upon request.

Western will provide Firm and Non-Firm Point-to-Point Transmission Service and Network Integration Transmission Service consistent with the Tariff. The specific terms and conditions for providing transmission service specific to a particular customer will be included in a Service Agreement. Operating Procedures, Available Transmission Capability (ATC), and System Impact Methodology are defined in the Attachments. Western's Regional Offices develop rates under separate public process pursuant to applicable Federal law and regulations. Therefore, rates and charges for specific services will be set forth in the appropriate Regional rates schedules attached to each Service Agreement.

Western has marketed the maximum practical amount of power from each of its projects, leaving little or no flexibility for provision of additional electric services from the projects. Changes in water conditions frequently affect the ability of hydroelectric projects to meet obligations on a short-term basis. The unique characteristics of the hydro resource, Western's marketing plans, and the limitations of the resource due to changing water conditions limit Western's ability to provide generation-related services including ancillary services and redispatching, using Federal hydro resources.

### III. Comments Raised During the Development of this Final Tariff

Participants in the formal review process raised numerous comments about the proposed tariff. The following highlights the more significant comments and Western's responses.

*Comment:* A commenter stated that the "Annual Transmission Costs" definition (Section 1.2) does not appear to include the costs of the power produced at Reclamation's hydroelectric power facilities. The transmission rates do, however, indicate the need for ancillary generation service support. The definition should then also include costs associated with Reclamation's support of Ancillary Services.

*Response:* It is correct that the definition for "Annual Transmission Costs" does not include the costs of the power produced at the hydroelectric facilities. FERC Order Nos. 888 and 888-A provide that only transmission costs may be included in the definition of "Annual Transmission Costs."

*Comment:* A commenter asked if, in Section 1.2, it is correct that the Annual Transmission Costs can be modified by the FERC.

*Response:* FERC decisions may affect what facility costs will be included in Western's Annual Transmission Costs.

*Comment:* A commenter asked why Western deleted the reference to FERC's approval in Section 1.10.

*Response:* Western is not a public utility and, therefore, is not subject to FERC's jurisdiction under Sections 205 and 206 of the Federal Power Act. Western is not, therefore, required to submit Service Agreements to FERC for approval.

*Comment:* A commenter stated that, Western, as a Transmission Provider, does not have retail customers, and, therefore, the word "retail" should be deleted from Section 1.19.

*Response:* Inclusion of this language does not establish the type of customer Western serves. This change is not necessary.

*Comment:* A commenter asked if the definition of "Transmission Provider" in Section 1.46 includes the CRSP CSC in the context of the Regional Office reference.

*Response:* The definition of "Transmission Provider" does include the CRSP CSC in the context of the Regional Office reference. As specified in Attachment K, the CRSP CSC is a Transmission Provider as are Western's other Regional Offices.

*Comment:* A commenter requested clarification on whether Section 2.1 indicates that existing project use loads will be included in the initial allocation

of available transmission capacity calculations.

*Response:* Section 2.1 addresses applications for transmission service received during the first 60 days commencing with the effective date of the Tariff. Section 2.1 does not address existing commitments for transmission. However, in response to the comment, existing project use loads are components in the Regional Office's calculations of ATC.

*Comment:* Several commentors requested that Western delete "to the extent possible" in the second paragraph of Section 3.0, and delete the requirement for a separate agreement to purchase Ancillary Services on behalf of the transmission customer.

*Response:* Western agrees and has modified Section 3.0.

*Comment:* A commenter suggested that, in Section 3.0, Western should insert the word "uncommitted" before the word "surplus."

*Response:* Western has removed the referenced sentence.

*Comment:* A commenter suggested that in Section 3.0 after the phrase, "Services it will purchase from the Transmission Provider" that Western insert this sentence: "Ancillary Services are included as part of Federal customer transmission service."

*Response:* This section applies only to transmission service provided under the Tariff and does not refer to existing transmission commitments of Western.

*Comment:* A commenter suggested that within the title of Section 5.1, replace the words "Local Furnishing" with the words "Tax Exempt" so that the subtitle reads "Transmission Providers That Own Facilities Financed by Tax Exempt Bonds" and make this change throughout the section. The commenter also suggested that in Section 5.2(i), Western delete the words "local furnishing."

*Response:* This issue was raised in comments to FERC as it developed its pro forma tariff. The result is the language in Section 5.0 of the pro forma tariff, which Western has adopted.

*Comment:* A commenter stated that the proposed Tariff does not comply with FERC Order Nos. 888 and 888-A. Western's Tariff does not recognize an exception to comparability and reciprocal service if each or both would jeopardize a public power utility's tax exempt financing. Another commenter stated that there has not been a genuine and good faith effort to include the specific treatment and special requirements of the non-jurisdictional/non-public utilities that are expressly recognized and available under FERC Order Nos. 888 and 888-A.

*Response:* Western has complied with FERC Order No. 888-A by adopting the pro forma language insofar as Western can and still comply with Federal law. Nothing in Western's Tariff abrogates any specific treatment and special requirements of the non-jurisdictional/non-public utilities that are expressly recognized and available under FERC Order Nos. 888 and 888-A. Non-public utilities seeking relief from this and other provisions should seek a waiver of reciprocity from FERC pursuant to 18 CFR 35.28(e).

*Comment:* A commenter asked how the cost of System Impact Studies conducted on behalf of Western or its Federal customers will be shared between Federal customers and customers served under the Tariff.

*Response:* Western will assign System Impact Study costs for Western's benefit in accordance with Section 8.0 of the Tariff.

*Comment:* A few comments were made that, in Section 10.1, the last part of the added sentence states, "\* \* \*" and shall exercise due diligence to remove such inability with all reasonable dispatch." This language appears to either duplicate or modify the "all reasonable efforts" language in the previous sentence. In either case, it should be removed.

*Response:* Western agrees and has deleted the added sentence in Section 10.1.

*Comment:* A commenter stated that Western should add the following language to Section 12.1, "In the event the designated representatives are unable to resolve the dispute within 45 days (or such other period as the Parties may agree upon) the dispute may be resolved through the procedures specified in Section 12.2."

*Response:* Western agrees with the suggested concept and has modified Section 12.1 to allow external dispute resolution under Section 12.2 if disputes can not be resolved in 30 days.

*Comment:* Several commentors stated that Western should modify the final Tariff to provide that the Transmission Provider; i.e., the appropriate Regional Office of Western, agrees to apply the dispute resolution process adhered to by the regional transmission group to which the Transmission Provider belongs.

*Response:* Western agrees and has modified Section 12.2 to incorporate the suggested concept.

*Comment:* A commenter stated that Western must include a Dispute Resolution Procedure in Section 12 that is binding on Basin Electric Power Cooperative, Inc. (BEPC) and Heartland Consumers Power District (HCPD).

*Response:* Western's Upper Great Plains Region (UGPR) is the Transmission Provider and all disputes between the Transmission Provider and the transmission customer will be subject to the dispute resolution procedures of the Tariff, thus no modifications are warranted. Disputes that involve only a transmission customer and either BEPC or HCPD could still be resolved under appropriate Mid-Area Continent Power Pool (MAPP) procedures whenever it involves an issue discrete to either and is not a part of the general Tariff provisions.

*Comment:* A comment was made that Western should incorporate the word "uncommitted" in various sections of the Tariff, including Sections 13.5, 27.0, and 33.2.

*Response:* The addition of this term could jeopardize Western's ability to meet FERC's test for comparability. Therefore, Western has not made the suggested changes.

*Comment:* A commentator requested that in Sections 13.8 and 14.6 the reference to 10 a.m. should include a time zone; e.g., MST or PST for each operating area, and delete the language in the brackets.

*Response:* Western adopted the language of the pro forma tariff. Since this is a Western-wide document, Western is unable to assign a time zone. Western's scheduling offices are located in three different time zones. The 10 a.m. reference applies to the time of the appropriate scheduling office from which transmission service is being requested.

*Comment:* A commentator requested that the phrase, "This does not apply to the Colorado River Front Work and Levee System or the Salinity transmission system", be inserted at the end of Section 15.4.

*Response:* The last sentence in Section 15.4 addresses this comment. The facilities identified in the comment are considered distribution facilities and are not subject to the Tariff. Request for service on these facilities will be handled on a case-by-case basis.

*Comment:* Several commentators strongly encouraged the inclusion of transmission losses in Sections 15.7 and 28.5 of the Tariff and that the associated section in the applicable Service Agreements be removed, thus providing them with some reasonable assurance that these factors will be applied in a non-discriminatory and comparable manner.

*Response:* Since this is a Western-wide document and transmission loss factors are calculated separately for each Transmission System, Sections 15.7 and

28.5 of the pro forma tariff were modified to allow the applicable transmission loss percentages to be included in the Regional Office specific Service Agreements. Each of Western's Regional Offices periodically modifies its Transmission System loss factors based on system losses and all of its Regional Office(s) are subject to these loss factors.

*Comment:* A commentator requested that Western, in Sections 17.2(iv) and 18.2, insert "or other" after "Regional Transmission Group (RTG)."

*Response:* The commentator's proposed language is too broad and might adversely affect the rights of entities that are not parties to the agreement. Therefore, this change was not made.

*Comment:* Several commentators made the comment that Western's proposed application processing fees in Sections 17.3 and 29.2 are inconsistent with the pro forma provisions, and that the processing fee or at least some portion should be refunded if the request for transmission service is denied by Western. It is the opinion of the commentators that, as written, Western's processing fee procedures do not provide reciprocal service, and Western provides no numerical justification for the processing fees included in Attachment K.

*Response:* The processing fee is being collected to offset those costs incurred by Western in processing applications for transmission service. These costs will be incurred irrespective of whether transmission service is taken, so no refunds will be made. In developing the processing fee, each Regional Office used the same method, which reflects an average of staff wages and benefits multiplied by the average time it takes to analyze and respond to requests for service. Western plans to periodically review these costs. FERC has previously accepted this methodology.

*Comment:* A comment was made that Western should incorporate the phrase "and applicable Federal law and regulations" in Section 27.0. Comments were also made that Western should incorporate the phrase "and permitted by Federal law and regulations" in Section 30.5. Both sections address redispatch procedures.

*Response:* There are no Federal laws governing redispatch; however, Western does have certain limitations on this matter based on specific power marketing plans.

*Comment:* A commentator recommended that Western insert "transmission" in its clarifying statement at the end of Section 28.2, so that there is no misinterpretation of the meaning of capacity.

*Response:* Western agrees and has made the change.

*Comment:* A commentator stated FERC's Pricing Policy provides that Western can only charge the higher of embedded costs or opportunity costs, but not the sum of the two. This FERC Pricing Policy should be applicable to Western, since Western agreed to abide by FERC's rate-making policies as a condition of its membership in Southwest Regional Transmission Association (SWRTA).

*Response:* This comment is outside the scope of this process. Western is meeting the rate-making policies of FERC for Federal Power Marketing Administrations as agreed in the SWRTA agreement.

*Comment:* A commentator suggested that, in Section 30.8 in the second line after the word "the" and before "Transmission Provider", Western insert "available capability of the".

*Response:* Western has stated in Attachment K to its Tariff that only excess transmission capability will be available and has found this change unnecessary. This excess transmission capability will be determined as provided in Attachment C to the Tariff.

*Comment:* A commentator asked what is Federal policy as mentioned in Section 34.0. Is it published and who has oversight—FERC? What if it conflicts with FERC? The same commentator also asked what is meant by applicable Federal law and regulations, and is it different region-by-region or is it consistent region-by-region? The commentator further asked what are Western's current applicable laws and regulations relating to stranded costs?

*Response:* Federal policy as used in Section 34.0 includes FERC's policies, regulations and rulings pertaining to open access transmission service to the extent consistent with the body of Federal laws governing Western's activities. Applicable Federal law and regulations are the body of statutes and regulations governing the activities of Western as a Federal Power Marketing Administration. Treatment of stranded costs by Western will be governed by the principles contained in FERC Orders No. 888 and 888-A, related rulings and orders promulgated by FERC, and Western's statutory obligations as a Federal Power Marketing Administration.

*Comment:* Several commentators made comments regarding Western's decision to change certain pro forma tariff sections to require advance payment for the cost of any necessary transmission facility additions and the associated studies, and provide no interest on those advances. There is also a concern

that public agencies may not be able to meet the deadlines for providing advances of funds for Facilities Studies and New Construction, and that there may be improper cost shifting of Direct Assignment Facilities to other non-benefiting transmission customers.

*Response:* The Anti-Deficiency Act, 31 U.S.C. 1341(a), and other appropriations laws allow Federal agencies to incur obligations and make expenditures only in amounts available in an appropriation or fund and available to the government for the purpose for which the appropriation or fund is budgeted. Therefore, Western will request an advance of funds for construction of Direct Assignment Facilities in the construction agreement for such facilities as described in Sections 19.4 and 32.4. Recurring operation and maintenance costs related to Direct Assignment Facilities will be assessed on a periodic basis as set forth in the Service Agreement. This process will assure the proper allocation of costs among customers taking transmission. Western will return the unexpended portion of any funds advanced for studies or construction. Western is not able to pay interest on advances without shifting costs to other customers.

As for certain public agencies unable to meet the deadlines for providing advances of funds, Western will follow the deadlines required in the Tariff which, in turn, are the same as those in the pro forma tariff. To do otherwise could impair Western's ability to meet FERC's requirement that all requestors be treated in a non-discriminatory manner.

*Comment:* A commentator stated that Schedules 2 through 6 of the Tariff outline Western's offer to provide certain Ancillary Services as both the Transmission Provider and the Control Area operator. The commentator has no objection to these schedules if Western has available Ancillary Services to provide. However, the commentator is concerned that its generating resources and those of other parties may be used by the Control Area operator, Western, to provide Ancillary Services without compensation to the owning utilities. Of course, the opposite outcome could occur also. The commentator encourages Western to take the lead in establishing effective and practical operating measures to assure proper accounting for Ancillary Services. Western should also consider joint participation by all Control Area generators in supplying these services.

*Response:* Western appreciates the comment and will take the lead in establishing effective and practical

operating measures to assure proper accounting for these Ancillary Services.

*Comment:* A few commentators stated their concern about the narrow bandwidth allowed for deviation from scheduled transactions contained in Schedule 4. One commentator believes that it will be extremely difficult to stay within this bandwidth because of limitations and errors in metering, scheduling practices, and unit control, and urges Western to adopt a broader deviation bandwidth,  $\pm 3.0$  percent at a minimum, in order to mitigate these control and scheduling problems. Another commentator stated that some of Western's rate proposals include penalties of monetary charges for deviations beyond the scheduling band. This commentator does not agree that a "one size fits all" band is necessary and believes that any monetary charges should be cost based.

*Response:* Western is consistent with FERC Order Nos. 888 and 888-A on this service. The monetary charge is a rate issue and is outside the scope of this process.

*Comment:* A commentator stated that the accurate measurement of energy imbalances (Schedule 4) may not be possible in the UGPR. This is because there may be more than one supplier at a single point of measurement. Determining who was the cause of the imbalance may only be possible during after-the-fact analysis. The power supplier may not be responsible for being a Control Area operator and it may be the operator who causes the problem. The commentator states that they do not have accounting that would allow them to do this on an hourly basis and the imbalance may change from supplier to supplier within that period.

*Response:* Western recognizes that there are limitations to the capability of existing metering. However, FERC did not mandate next hour settlement of energy imbalances. This is a matter that will need to be further refined in development of Regional Tariff implementation procedures.

*Comment:* A commentator stated that there seems to be a redundancy in the information being requested in Sections 3.0, 4.0, and 5.0 of the Specifications for Long-Term Firm Point-to-Point Transmission Service in Attachment A. The commentator is questioning whether the bill to the customer will be based on the Capacity Reservation in Section 3.0, the Capacity Reservation in Section 4.0, or on the Reserved Capacity in Section 5.0.

*Response:* The information requested in these sections is necessary for multiple point-to-point transactions. The bill to the customer will be based

on the Reserved Capacity in Section 5.0. In accordance with Section 13.7(c) of the Tariff, the amount in Section 5.0 will be the greater of the sum of the Point(s) of Receipt in Section 3.0 or the sum of the Point(s) of Delivery in Section 4.0.

*Comment:* A commentator stated that the control area information requested in Section 2.0 of the Specifications for Long-Term Firm Point-to-Point Transmission Service in Attachment A is considerably different than the Control Area information obtained from Sections 1.0 or 4.0. The Control Area to be referenced in Section 2.0 could be hundreds, or thousands, of miles from the Control Area of the Point of Receipt/Point of Delivery.

*Response:* Section 2.0 is intended to define the Control Area in which the transaction originates, while Sections 3.0 and 4.0 define the Point(s) of Receipt/Delivery into and out of the Transmission Provider's Transmission System. Western has followed the FERC pro forma tariff wording in these sections, and has found no reason to change the pro forma language.

*Comment:* A number of commentators made comments regarding Western's ATC, including suggestions that the methodology for determination of ATC must be set out in Attachment C and it must be reasonable, auditable, and supportable, and it should involve customer groups. Another commentator similarly requested that Western reference criteria specified within the SWRTA and/or Western Regional Transmission Association, Inc. (WRTA) agreements.

*Response:* Western has stated in Attachment C that it will use "Good Utility Practice and the engineering and operating principles, standards, guidelines, and criteria of the \* \* \* applicable Regional Reliability Council, and any entity of which the Transmission Provider is a member \* \* \* such as a regional transmission group." Many customers are also members of these regional transmission groups. The methodology outlined in the specific regional transmission group criteria provides a clear set of guidelines for both Western and the transmission customer to evaluate Western's determination of ATC. This approach is consistent with filings approved by FERC for public and non-public utilities.

*Comment:* A commentator had concerns with the last sentence of Attachment C which refers to reserving transmission capability for "forecasted power service obligations." It is improper for Western to withhold transmission capability in order to enhance future power

marketing activities, and the inclusion of this phrase violates both the letter and intent of FERC Order Nos. 888 and 888-A.

*Response:* In FERC Order Nos. 888 and 888-A, Section IV.C(5), FERC stated that, "utilities may reserve existing transmission capacity needed for Native Load growth and Network load growth reasonably forecasted within the utility's current planning horizon." The Transmission Provider may market this capacity on a firm or non-firm basis until such time as the capacity is required by Native Load and Network Customers. Western has the same right to obtain transmission service for its own marketing activities as others have to obtain transmission service from Western for their marketing activities.

*Comment:* Western received a comment that Attachment F and Attachment G require overlapping information.

*Response:* The information required in Attachment F and Attachment G is not overlapping. Attachment G addresses technical and operational matters associated with the implementation of Attachment F.

*Comment:* Western received several comments regarding its proposed 10 times penalty included in Attachment H to the Tariff, and requesting Western to delete the 10 times penalty.

*Response:* Western believes the penalty is more appropriately addressed in Regional Office specific rate processes, and, therefore, has deleted the 10 times penalty from Section 3.0 of Attachment H.

*Comment:* A commentor asked if the general contract provisions: Contingent Upon Appropriations—Section 2.0, Contract Work Hours and Safety Standards—Section 4.0, Equal Employment Opportunity Practices—Section 5.0, and Use of Convict Labor—Section 6.0, of Attachment J are necessary in these types of contractual relationships.

*Response:* These provisions are required by law to be included in Federal contracts.

*Comment:* Several commentors stated that Section 7.0 of Attachment J gives Western the unilateral right to terminate service if it joins or is required to conform to the protocols of an independent system operator (ISO). By itself, the fact that Western joins an ISO does not automatically relieve Western of its obligation to provide comparable transmission service. The language referring to Western's unilateral right to terminate service is improper and should be removed.

*Response:* This language is required in the Sierra Nevada Region (SNR)

Service Agreements consistent with the findings of FERC in Pacific Gas and Electric Company, et al., 81 FERC ¶ 61, 122 (1997). Western has moved this provision from Section J to the Service Agreements and this language shall be included by SNR in any Service Agreements entered into under this Tariff. Similar language may be required in the future by other Western Regional Offices which join ISO's to conform to the terms and conditions of the ISO agreement approved by FERC.

*Comment:* A commentor stated that Section 8.0 of Attachment J could be interpreted to bar the resale of transmission rights when such resale is provided for under FERC Order Nos. 888 and 888-A.

*Response:* The original Section 8.0 of Attachment J, "Third Party Rights", has been deleted.

*Comment:* A commentor asked what third party rights BEPC and HCPD have under Section 8.0 of Attachment J.

*Response:* The original Section 8.0 of Attachment J, "Third Party Rights", has been deleted.

*Comment:* A commentor asked why Western includes the phrase "emergency power" in Section 10.0 of Attachment J since the Tariff is for transmission service only and it does not provide for Western to supply capacity and energy. The same commentor asked how does Western define emergency power and under what circumstances will it be provided?

*Response:* Western has modified Section 10.0 of Attachment J to remove the reference to emergency power.

*Comment:* A commentor stated that the billing adjustments contemplated in Sections 13.0 and 14.0 of Attachment J need to include refunds of advances.

*Response:* Sections 13.0 and 14.0 are not the mechanism for Western to provide refunds for funds advanced to Western. Western added language to Sections 19.4 and 32.4 to clarify that amounts advanced in excess of costs incurred will be refunded.

*Comment:* Several commentors have raised issues regarding the bill crediting and net billing language in Sections 13.0 and 14.0 of Attachment J to the Tariff. There is a concern that the language is too broad and creates the potential for abuse. The provisions in Attachment J and the associated language in the proposed Service Agreements use the leverage of access to Western's Transmission System to require the transmission customer to agree to Western's Net Billing and Bill Crediting procedures as a condition for service and as means to provide alternative financing for Western. These provisions appear to be in conflict with the

functional unbundling requirements of FERC Order Nos. 888 and 888-A and may, in fact, require the transmission customer to violate its own Standards of Conduct implementing FERC Order No. 889 and 18 CFR part 37. All provisions requiring the transmission customer to agree to Net Billing and Bill Crediting procedures as a condition for service under the Tariff must be removed.

*Response:* Western has modified these sections to clarify that the "Net Billing and Bill Crediting" provisions are optional. The inclusion of these provisions in the Tariff is non-discriminatory because they are not a condition for receiving service.

*Comment:* Western received several comments regarding proposed changes to Attachment K. A comment was received requesting that the phrase "\* \* \* from the Navajo Project for the Central Arizona Project, Boulder Canyon Project and the \* \* \*" be deleted from the Desert Southwest Region's (DSR) section of Attachment K. Another commentor requested that the phrase "\* \* \* of the Parker Davis-Project in DSR \* \* \*" be inserted. The same commentor also requested that in the first paragraph of Attachment K, that Western delete the phrase "\* \* \* and one coal fired power plant in Arizona \* \* \*" and replace the word "integrated" with "interconnect." A commentor requested that in the seventh paragraph of Attachment K that Western change "little flexibility" to "little or no flexibility."

*Response:* Western concurs with the comments and has made the changes to Attachment K.

*Comment:* A commentor proposed the following language for inclusion in the fourth paragraph of Attachment K, which would read as follows:

\* \* \* treat its Federal Customers in a manner analogous to the treatment of Native Load Customers by public utilities. The enabling legislation for the various projects authorizes both transmission and generation project expenses and contemplates recovery of these through power rates. For these reasons, Western will continue to recover transmission and generation related costs from Federal Customers through a bundled power sales rate. Western is committed to providing \* \* \*

*Response:* Western does not believe that it is necessary to add the proposed text to Attachment K. The issue of cost recovery will be addressed on a case-by-case basis in the appropriate rate process.

*Comment:* A commentor stated that Sections 17.1 and 29.2 require that a written application for long-term, firm service be submitted to the "appropriate Regional Office, as identified in

Attachment K." However, Attachment K provides no address, title, or even a phone number, to which such an application can be submitted. Western should correct Attachment K to include this information for each Regional Office.

*Response:* Western has noted the omission and has included the appropriate information in Attachment K to the Tariff.

*Comment:* Two commentors stated that there is no applicable definition for Federal project use loads.

*Response:* Western has modified Attachment K to the Tariff to clarify that Reclamation is responsible for providing Federal power resources to its project use customers. Western believes that this modification is sufficient to address this comment.

*Comment:* A commentor stated that Attachment K should include language stating that there will be no on-going transmission reservation maintained for incremental sales and that when Western does reserve transmission capacity for incremental sales, it will do so through its Open Access Same-Time Information System (OASIS) and account for such reservation as a Third Party Sale pursuant to Section 8.0 of the Tariff.

*Response:* The Tariff provides for the required treatment and Western has found no reason to include additional language as proposed by the commentor.

*Comment:* Western received many comments that raised issues concerning its obligations to serve Federal loads and the relationship of this obligation to Western's ability to comply with open access comparability standards set forth by FERC in Orders No. 888 and 888-A. The following summarizes the comments.

Western should be consistent between all of its Regional Offices in treating its existing transmission obligation to Federal customers as existing Point-to-Point Service. Any new sales Western makes to Federal customers should be unbundled and accounted for under the Tariff as Point-to-Point Service. Transmission for incremental sales to Federal customers should be reserved, provided, and accounted for as Point-to-Point Transmission Service under the Tariff.

It may be appropriate for Western to identify existing Federal customers as Native Load, but such partial requirements service at a discrete Point of Delivery clearly does not meet the definition of Network Load as set forth in Section 1.22.

To the extent Western has firm service obligations to Federal customers,

reserving firm transmission capacity is appropriate. To the extent that Western intends to reserve firm transmission on its system in order to maintain the opportunity to make incremental sales to Federal customers above and beyond Western's firm obligations under certain favorable hydrologic conditions, such transmission reservations for generation merchant activities appear to be in direct conflict with the functional unbundling requirements of FERC Order No. 888.

Western has not clearly distinguished the jurisdictional separation of its statutory service from its proposed service under Western's Tariff. Western needs further revisions to its Tariff to clearly delineate the jurisdictional difference.

Western should perform two separate, parallel functions: statutory transmission service and third party transmission service.

Include the term "Federal Customer" in various places of the Tariff other than Attachment K.

In Attachment K, include the word "retail" before the word "Native" in the sentence which describes Western's treatment of its Federal customers.

The use of the term "Native Load" appears as an intention to unbundle firm electric service arrangements. Several commentors disputed Western's claim that its deliveries of power to Federal customers, defined by Western as "the statutory and firm electric service and project use power users of the Federal Government" are analogous to a public utility's deliveries to its own native load customers. Other comments included suggestions on how to redefine Federal customers and Federal generation and a suggestion that Western's deliveries were more precisely analogous to a public utility's retail Native Load.

The reservation provisions (2.2, 13.6 and 33.2) will not work. First, carried to its extreme, all current firm electric service contractors could cancel their contracts and be left with the ability to transfer other resources across Western's system, leaving Western no system to deliver hydropower.

The curtailment of contractors' firm electric service deliveries simultaneously with third party use of the system violates Western's statutory mandate. Another commentor stated that pro rata curtailments put Western's preference customers in the position of subsidizing third party transmission contractors.

A qualifier statement should be included in Section 33.0 to explain the process of load shedding and curtailment to be used, such as "\* \* \*

that only load shedding and curtailments covered in this section are for new contracts entered into on the OASIS. They do not include existing contracts \* \* \*". Other commentors stated that there is no indication of how Reclamation's project use loads are served with Federal transmission capacity and expressed concern as to the applicability of curtailment.

How will load shedding and curtailment provisions of Section 33.0 work?

*Response:* Individual project authorization acts have provided Western the obligation and authority to market capacity and energy surplus to the needs of these multi-purpose projects. Western manages its transmission systems to meet these needs as well as to ensure the reliable operation of the overall transmission systems for which it is responsible. Section 211 of the Federal Power Act also requires Western to provide open transmission access. Western will meet all of these obligations in the following manner. Use of transmission facilities that Western owns, operates, or to which it has contract rights for delivery of Federal long-term firm capacity and energy to project use and electric service customers is a Western responsibility under the terms and conditions of marketing criteria and electric service contracts implementing statutory obligations to market Federal power. This is complementary with the provisions of the Tariff. Transmission service provided by Western under the Tariff is solely for the use of ATC in excess of the capability Western requires for deliveries of long-term firm capacity and energy to project use and electric service customers of the Federal government. Western has also stated that nothing in the Tariff shall alter, amend, or abridge the statutory or contractual obligations of Western to market and deliver Federal power resources and to repay the Federal investment in its projects.

Western has found it is no longer necessary to state that service to customers of the Federal government is analogous to service provided to Native Load Customers by public utilities. The term "Federal Customers" has been deleted from the Tariff. Further, Western clarifies that deliveries to discrete points of delivery can be made under existing authorities and contracts and deliveries of additional power at the same point may be made under the Tariff without violating the provisions of Section 1.22 of the Tariff. Western will use the Tariff for all Third Party Sales.

Western will operate its system according to Good Utility Practices, and unless otherwise provided for in existing contracts or regulations, will perform curtailments and other emergency procedures in a non-discriminatory manner in accordance with the terms of the Tariff and the governance of the National Electric Reliability Council, an RTG, or ISO as appropriate.

Western has modified the Tariff to be consistent with the above statements.

*Comment:* A commentor asked what does the term "unused capacity" in Attachment K mean and how does it apply to UGPR? Does Western have the right to terminate service if it determines the unused capacity no longer exists?

*Response:* Attachment K has been modified by deleting the term "unused capacity". Once committed to contractually, transmission capacity will be available to a transmission customer for the duration of the contract term in conformance with the provisions of the Tariff.

*Comment:* A commentor stated that preference should apply to rights to excess capacity on the Federal Transmission System.

*Response:* Neither Section 9(c) of the Reclamation Project Act of 1939 nor Section 5 of the Flood Control Act of 1944 require Western to give preference in the sale of excess transmission capacity to any particular type of entity.

*Comment:* A commentor stated that Western must jurisdictionally separate statutory service and tariff service because Western does not have new Environmental Impact Statements or Endangered Species Act determinations which indicate Western can provide Network Integration Transmission Service or Ancillary Services from its generation. Western's power contracts should not require future unbundling of transmission service because the unbundling of contracts and power deliveries may in fact be in contradiction of the environmental analysis performed for each of the power contract extensions. Another comment was made that Ancillary Services are generation-related but were not included in any environmental analyses for river ecosystem, hydrodam operations, or power marketing.

*Response:* Western has not committed or proposed any construction of specific new transmission or generation facilities in the Tariff. The establishment of contract language and transmission arrangements that do not involve: (1) The integration of a new generation resource, (2) physical changes in the transmission system beyond the

previously developed facility area, or (3) changes in the normal operating limits of generation resources is categorically excluded by DOE regulations from the preparation of an environmental assessment (EA) or environmental impact statement (EIS). Nothing in this generic contract language requires or causes such events to occur. If and when Western proposes to enter into a contract or transmission agreement which it reasonably would expect to require or cause such events to occur, Western will prepare appropriate documentation for its actions in compliance with the National Environmental Policy Act of 1969, as amended, 42 U.S.C. 4321-4347, Council of Environmental Quality regulations, 40 CFR 1500-1508 and DOE regulations at 10 CFR part 1021.

Western's power contracts do not require future unbundling of transmission service. Decisions related to unbundling will be determined through a separate process.

*Comment:* Several commentors stated that they do not see how Western can maintain its statutory obligations to generate and deliver the maximum amount of firm capacity and energy to preference customers while unbundling, unless Western offers other services.

*Response:* This comment does not accurately describe Western's statutory obligations. The creation of the Tariff does not affect Western's obligations under existing contracts.

*Comment:* A commentor stated that unbundling will produce cost-shifts in the projects that are statutorily cost-recovery based.

*Response:* Western is complying with FERC Order Nos. 888 and 888-A. This requires the unbundling of Ancillary Services from transmission service for service under the Tariff. The rates for these services are based on the costs incurred to provide these services. Any revenues received from these services will be applied to project repayment.

*Comment:* A commentor stated that unbundling of firm electric service leaves no recourse but to file under Section 211 of the Federal Power Act. Customers may need more up-front oversight of Western's actions, such as Sections 205 and 206 require of FERC jurisdictional utilities.

*Response:* Oversight of Western's activities is outside the scope of this process.

*Comment:* Two comments were received stating that the reference to "Western's hydroelectric power facilities" is incorrect. The facilities referred to are Reclamation's hydroelectric power facilities.

*Response:* Western agrees with this comment.

*Comment:* A commentor noted that in FERC Order No. 888-A, FERC decided to implement Service Agreement procedures for firm point-to-point transactions of less than a year in duration (short-term firm) that are similar to those for non-firm point-to-point service. In other words, only one umbrella service agreement needs to be executed. Subsequent short-term firm transactions need only be requested and reserved via the OASIS. The commentor encourages Western to include in its Tariff a form of umbrella service agreement for Short-term Firm Point-to-Point Transmission Service that will operate in a similar manner to the Service Agreement for Non-Firm Service.

*Response:* Western agrees that Attachment A may be used as an umbrella service agreement for Short-term Firm Point-to-Point Transmission Service.

*Comment:* A commentor stated that the Tariff includes modifications to recognize Western's distinction as a Federal entity, and this seems to include non-Federal entities under the cloak of Federal law.

*Response:* These modifications apply to UGPR as the operator/manager of the Integrated System (IS). These modifications do not bring BEPC or HCPD under the cloak of Federal law.

*Comment:* Several commentors commended Western for its efforts in developing its proposed open access transmission service Tariff. With the understanding that Western is committed to working to modify its Tariff when it is found to be warranted, these commentors also support both the Tariff and Western's filing of the Tariff with FERC.

*Response:* Western appreciates these comments.

*Comment:* A commentor stated that all references to stranded costs should be deleted from the Tariff.

*Response:* The right to collect stranded costs is recognized in FERC Order Nos. 888 and 888-A. The stranded cost language in Western's Tariff is modeled upon the language in FERC's *pro forma* tariff. Recovery of stranded costs is neither incorporated in any of the Regional Office's proposed rates nor in the Open Access Transmission Rate formula for the UGPR.

*Comment:* A commentor asked Western what is its authority to collect stranded costs for BEPC and HCPD.

*Response:* Attachment K recognizes the right of UGPR, BEPC, and HCPD to collect stranded costs in accordance



with the principles established in FERC Order Nos. 888 and 888-A. Attachment K states that the collection of stranded costs by BEPC and HCPD will be subject to contracts separate from the Tariff.

*Comment:* Two commentors requested that Western's DSR and SNR implement the Ancillary Services, Schedules 1 through 6 under the Tariff, as a separate tariff on an interim basis to resolve areas of concern.

*Response:* The provision of Ancillary Services is an integral part of FERC's pro forma tariff and cannot be separated from Western's Tariff. Western is concerned that any further qualifiers on the provision of Ancillary Services could impair Western's ability to pass FERC's standards for comparability. This, in turn, would impair Western's ability to obtain reciprocal transmission service from public utilities. Therefore, Western will not consider implementing the Ancillary Services portion of the Tariff on an interim basis.

*Comment:* Two commentors stated that the language in each of the service schedules concerning pass-through costs from the Control Area operator does not apply in those cases when Western is not the Control Area operator. Reclamation does not pass the costs for generation through the Control Area operator in those cases, but allocates the costs to Western, who passes the costs through to the transmission customer.

*Response:* These provisions provide Western the ability to purchase capacity and energy from others when it is necessary and pass those costs on directly to the beneficiary. This is a transaction involving only the Control Area operator, the transmission customer, and Western.

*Comment:* A commentor suggested that Western's statutory obligations prevent it from effectively providing those Ancillary Services which involve the dedication of generation resources or output to non-Federal customers. Western should specifically limit itself to brokering these types of Ancillary Services to its transmission customers.

*Response:* Western does recognize resource limitations of the hydroelectric generation. Section 3 of the proposed Tariff was modified to include the option for Western to purchase Ancillary Services and pass through such costs to the transmission customer.

*Comment:* A commentor stated that it understands that Western will honor existing transmission service contracts without compelling existing customers to sign a Service Agreement under the Tariff. The commentor recommended that this commitment be described in Attachment J.

*Response:* Western will honor existing transmission service contracts without compelling existing customers to sign a Service Agreement under the Tariff. Western does not believe this needs to be specified in Attachment J. The Tariff provides for any new requests for transmission service.

*Comment:* A commentor stated that Western's power factor requirement should be clearly stated in the Tariff.

*Response:* There is no single Western power factor requirement. Western will include the applicable power factor requirement for each Regional Office in the offered Service Agreements.

*Comment:* A commentor asked that if the Tariff is binding upon Western, by what means would the Tariff be made binding on BEPC and HCPD?

*Response:* If the IS rate is approved in the rate setting public process, then the UGPR will enter into the contracts with BEPC and HCPD for the management and operation of the IS. Such contractual arrangements will make the terms of the Tariff binding upon BEPC and HCPD. This would preclude either BEPC or HCPD from making separate arrangements to sell transmission service over the IS.

*Comment:* A commentor is very supportive of Attachment F having provisions for a credit for integrated facilities and looks forward to negotiations to recognize and equitably credit customer facilities that have augmented the Federal system.

*Response:* Western appreciates the comment.

*Comment:* Western received a comment that Attachment K states that, "Western will sell transmission service using Federally owned or controlled facilities only to the extent that transmission capacity is available in excess of that needed to deliver Federal power." This is inconsistent with the inclusion of non-Federal facilities in the definition of Transmission System.

*Response:* This comment is outside of the scope of this process. The determination of the facilities to be included in the Transmission System will be developed in the rate process.

*Comment:* A commentor stated that Attachment K to the Tariff describes the UGPR's intent to include the facilities of BEPC and HCPD in the UGPR transmission facilities. UGPR also includes provisions for recovery of stranded costs. The commentor recommends that the other Regional Offices' plans for their respective rate-making activities remain open to the possibility of incorporating this or similar joint rates.

*Response:* This issue is better addressed on a case-by-case basis in the appropriate rate process.

*Comment:* Several commentors have raised concerns regarding Western's provisions in the Tariff for changing rates. It appears to certain commentors that Western may change a rate only to an individual customer.

*Response:* The language is not intended to imply that Western will unilaterally change rates to one customer. Western's Regional Offices change rates through rate adjustment processes pursuant to Federal law and apply the rates uniformly to their respective customers.

*Comment:* Commentors raised a number of issues that related to Western's rate setting processes, including among others, inclusion of specific rates and charges with the Tariff, allocation of costs between transmission and ancillary services, inclusion of various costs and facilities in transmission rates, and rate setting methodology.

*Response:* These comments are outside the scope of this process. Each of Western's Regional Offices is at a different point in the process of developing open access transmission rates. Western's Regional Offices follow a separate and distinct process for the approval of their rates, which involves considerable public involvement and filing of the final rates with FERC. DOE approval of Western's rates is addressed in DOE Delegation Order No. 0204-108. Western's procedures for public involvement for rate procedures are covered in 10 CFR part 903. Filing requirements and procedures for FERC review of Federal Power Marketing Administration rates are detailed in 18 CFR part 300. Since Western's rate procedures are handled through so many separate processes, Western will not include specific rates and charges in the Tariff.

*Comment:* A commentor stated that the distinction between the transmission system used to deliver Federal power to UGPR's customers and the larger, more expensive system proffered for service to third parties does not comport with comparability.

*Response:* Transmission service to existing UGPR firm power customers is provided for under the provisions of existing contracts. This is consistent with FERC's treatment of such existing contracts under FERC Order Nos. 888 and 888-A.

*Comment:* A UGPR customer commented that in Section 2.2, existing firm electric service customers should not be subject to paying a transmission service rate that is different than all

other preference power customers simply due to the timing of a contract expiration or renewal.

*Response:* UGPR intends to have a single firm power rate for all preference customers who execute service agreements for implementation of the Post-85 Marketing Plan.

*Comment:* The statutory obligations referred to in Section II of the **Federal Register** are significant and important enough to be contained in the Tariff possibly at Section 11.0 of Attachment J.

*Response:* Western agrees that the various statutes governing Western's actions are significant, but does not agree that it would be appropriate to include a listing in the Tariff.

*Comment:* Existing preference customers should not be impacted by Western's commitment to meet the load growth of Network Integration Transmission Service Customers.

*Response:* This comment is a rate issue and is outside of the scope of this process.

*Comment:* One commentor stated that Western must carefully weigh the requirements of compliance with FERC Order No. 889 Standards of Conduct.

*Response:* Western will comply with FERC Order No. 889.

#### **IV. Summary of Significant Changes From Western's Proposed Tariff**

In Section 1.46, Western deleted portions of the additional language that were not necessary. In Section 1.49, Western reverted to the pro forma language. In Section 3, Western modified the proposed additional language to clarify Western's commitment to make every effort to provide Ancillary Services from purchased generation when Western's own resources are unavailable. In Section 10.1, Western removed the proposed additional language.

Western reinstated the last sentence in Section 12.1 except for "submitted to arbitration and", and "arbitration." Those two phrases remained stricken. In Section 12.2, Western replaced the proposed language with language that refers to RTG dispute resolution processes.

In Sections 19.4 and 32.4, Western replaced "provide the required letter of credit" with "pay the transmission customer's share of the costs" and added language that Western will refund amounts advanced in excess of costs incurred.

A minor change was made to Section 29.1 consistent with the minor change in FERC Order 888-B, 81 FERC ¶ 61,248, issued November 25, 1997.

In Attachment H, Western removed references to the 10 times penalty provision. Western moved the provisions relating to the establishment of an ISO in Attachment J to Attachment A, Attachment B, and Attachment F. These terms initially will apply only to SNR. Western deleted provisions relating to third party rights in Attachment J. Western clarified that Net Billing and Bill Crediting provisions are applicable only when mutually agreed.

In Attachment K, Western made editorial changes including the insertion of the address, title, and telephone numbers of the Regional Office contacts. Western modified its language in Attachment K to clarify its statutory obligation to market Federal power. The modified language further clarifies that this Tariff does not affect existing contractual obligations.

#### **V. Coordination with Adoption of Open Access Transmission Rates**

Each of Western's Regional Offices is at a different point in the process of developing Open Access Transmission Rates. DOE approval of Western's rates is addressed in DOE Delegation Order No. 0204-108. Western's procedures for public involvement for rate procedures are covered in 10 CFR part 903. Filing requirements and procedures for FERC review of Power Marketing Administration rates are detailed in 18 CFR part 300. Until the Regional Offices complete the processes of placing rates in effect for the services to be provided under the open-access tariff, they will use existing rates when applicable. Rates for short-term sales may be placed in effect by Western's Administrator and used when no rates exist for such services.

The new SNR rates for ancillary services and transmission became effective October 1, 1997, and will be effective for a 5-year period ending September 30, 2002.

The CRSP CSC is currently conducting a public process to develop transmission and ancillary service rates consistent with FERC Order Nos. 888 and 888-A to be used with the Tariff. The public comment period concluded September 23, 1997. The proposed effective date of the rates will be April 1, 1998.

The DSR began a public involvement process to develop transmission and ancillary service rates consistent with FERC Order Nos. 888 and 888-A through a series of informational meetings with its customers held on March 5, 1997, July 23, 1997, and September 3, 1997. At the September 3, 1997, meeting, it was determined that the formal process to develop new rates

will not begin until after publication of Western's Open Access Tariff. As a result, the proposed effective date for the new rates will be no later than October 1, 1998. DSR will implement this Tariff using rates for short-term sales approved by Western's Administrator in December 1997.

The UGPR has implemented Open Access Transmission Rates approved by Western's Administrator. These transmission rates and ancillary service rates became effective December 20, 1997, and will expire December 19, 1998. On March 28, 1997, by the mailing of an Advance Announcement of the transmission rate adjustment for the Pick-Sloan Missouri Basin Program, Eastern Division, a public process was initiated to establish long-term Open Access Transmission Rates for the UGPR. UGPR has received comments from that announcement and published its proposal in September 1997. The proposed effective date is February 1, 1998.

The Rocky Mountain Region (RMR) began a formal public involvement process on September 19, 1997, to develop transmission and ancillary service rates consistent with FERC Order Nos. 888 and 888-A to be used with the Tariff. The proposed effective date of the rates will be April 1, 1998. The RMR will have rates for short-term sales in effect between the effective date of the Tariff and April 1, 1998.

Subsequent changes to Regional Office Open Access Transmission Rates will be completed on a project-by-project basis using the public involvement and FERC review processes outlined above.

#### **VI. Regulatory Requirements**

##### *Review Under Executive Order 12866*

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

##### *Regulatory Flexibility Analysis*

The Regulatory Flexibility Act of 1980, 5 U.S.C. 601-612, requires Federal agencies to perform a regulatory flexibility analysis if a proposed rule is likely to have a significant economic impact on a substantial number of small entities. The Acting Administrator for Western certifies that Western's providing open transmission access would not cause an adverse economic impact on a substantial number of such entities. Since the proposed open-access Tariff is of limited applicability, no flexibility analysis is required.

*Review Under the Paperwork Reduction Act:*

In accordance with the Paperwork Reduction Act of 1980, 44 U.S.C. 3501-3520, Western has received approval from OMB for the collection of customer information in this rule, under OMB control number 1910-0100.

*Review Under the National Environmental Policy Act*

In compliance with the National Environmental Policy Act (NEPA) of 1969, 42 U.S.C. 4321 *et. seq.*; the Council on Environmental Quality regulations, 40 CFR parts 1500-1508; DOE NEPA regulations, 10 CFR part 1021, Western has determined that this action is categorically excluded from the preparation of an EIS or an EA.

*Availability of Information*

Western's final Tariff and a redline/strikeout comparison of Western's final Tariff to the FERC pro forma will be available from the informational contacts listed above or on the Internet at <http://www.wapa.gov>.

Dated: December 15, 1997.

**Michael S. HacsKaylo,**  
*Acting Administrator.*

*Open Access Transmission Service Tariff**Table of Contents*

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- I. Part I. Common Service Provisions**
- 1 Definitions*
- 1.1 Ancillary Services:* Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.
- 1.2 Annual Transmission Costs:* The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider or modified by the Commission, pursuant to Federal Law.
- 1.3 Application:* A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.
- 1.4 Commission:* The Federal Energy Regulatory Commission.
- 1.5 Completed Application:* An Application that satisfies all of the information and other requirements of the Tariff, including any required application processing fee.
- 1.6 Control Area:* An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:
- (1) Match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
- (2) Maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
- (3) Maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
- (4) Provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.
- 1.7 Curtailment:* A reduction in firm or non-firm transmission service in response to a transmission capacity

shortage as a result of system reliability conditions.

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

1.9 *Designated Agent*: Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.

1.10 *Direct Assignment Facilities*: Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer.

1.11 *Eligible Customer*: (i) Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider. (ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.

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

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

1.14 *Good Utility Practice*: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the

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

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

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

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

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

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

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

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

1.22 *Network Load*: The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an

Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

1.23 *Network Operating Agreement*: An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

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

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

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

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

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

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

1.30 *Part II*: Tariff Sections 13 through 27 pertaining to Point-To-Point

Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

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

1.32 *Parties:* The Transmission Provider and the Transmission Customer receiving service under the Tariff.

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

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

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

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

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

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

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

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

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

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

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

1.44 *Third-Party Sale:* Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

1.45 *Transmission Customer:* Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider provide transmission service without a Service Agreement, pursuant to section 15.3 of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

1.46 *Transmission Provider:* The Regional Office of the Western Area Power Administration (Western) which owns, controls, or operates the facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.

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

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

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

## 2 Initial Allocation and Renewal Procedures

### 2.1 Initial Allocation of Available Transmission Capability

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

### 2.2 Reservation Priority For Existing Firm Service Customers

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

## 3 Ancillary Services

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

### Voltage Control from Generation Sources.

The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve—Spinning, and (iv) Operating Reserve—Supplemental. The Transmission Customer serving load within the Transmission Provider's Control Area, is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. However, when sufficient Federal generation is not available to provide the required Ancillary Services, the Transmission Provider will offer to make every effort to purchase Ancillary Services from others, as available. The costs of such purchases on behalf of a Transmission Customer will be passed directly through to that Transmission Customer. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider.

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

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

The specific Ancillary Services, prices and/or compensation methods for each are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission

Provider in conjunction with its provision of transmission service as follows: (1) Any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system. Sections 3.1 through 3.6 below list the six Ancillary Services.

**3.1 Scheduling, System Control and Dispatch Service:** The rates and/or methodology are described in Schedule 1.

**3.2 Reactive Supply and Voltage Control from Generation Sources Service:** The rates and/or methodology are described in Schedule 2.

**3.3 Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 3.

**3.4 Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.

**3.5 Operating Reserve—Spinning Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 5.

**3.6 Operating Reserve—Supplemental Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 6.

### 4 Open Access Same-Time Information System (OASIS)

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

### 5 Local Furnishing Bonds

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

This provision is applicable only to Transmission Providers that have financed facilities for the local furnishing of electric energy with tax-

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

#### 5.2 Alternative Procedures for Requesting Transmission Service

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

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

### 6 Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to the Transmission Provider on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate

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

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

## 7 Billing and Payment

### 7.1 Billing Procedures

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

### 7.2 Interest on Unpaid Balances

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

date of receipt by the Transmission Provider.

### 7.3 Customer Default

In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Within the same 30 calendar days after notice of failure to make payment, the Transmission Customer shall have the right of appeal to the Administrator of Western. The Transmission Provider shall submit its recommendation to the Administrator for review and approval, but shall not terminate service until the Administrator makes a determination on the Transmission Customer's appeal. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

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

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

### 8.1 Transmission Revenues

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

### 8.2 Study Costs and Revenues

Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Provider conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party

Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

## 9 Regulatory Filings

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

## 10 Force Majeure and Indemnification

### 10.1 Force Majeure

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

### 10.2 Indemnification

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



## 11 Creditworthiness

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

## 12 Dispute Resolution Procedures

### 12.1 Internal Dispute Resolution Procedures

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

### 12.2 External Dispute Resolution Procedures

Any complaint arising concerning implementation of this Tariff shall be resolved as follows:

(a) Through a dispute resolution process, pursuant to the terms of a Regional Transmission Group governing agreement of which both Parties are members; or

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

### 12.3 Rights Under The Federal Power Act

Nothing in this section shall restrict the rights of any party to file a

Complaint with the Commission under relevant provisions of the Federal Power Act.

## Part II. Point-to-Point Transmission Service

### Preamble

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

### 13 Nature of Firm Point-To-Point Transmission Service

#### 13.1 Term

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

#### 13.2 Reservation Priority

Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer reserved service. Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction. If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines; one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transmission capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term reservation before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff. Firm Point-

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

#### 13.3 Use of Firm Transmission Service by the Transmission Provider

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

#### 13.4 Service Agreements

The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-to-Point Transmission Service Agreement (Attachment 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.

#### 13.5 Transmission Customer Obligations for Facility Additions or Redispatch Costs

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

through constructing Network Upgrades, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement or a separate agreement, as appropriate, prior to initiating service.

### 13.6 Curtailment of Firm Transmission Service

In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

### 13.7 Classification of Firm Transmission Service

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

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

(c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer, (including Third-Party Sales by the Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery.

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

Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. (or a reasonable time that is generally accepted in the region

and is consistently adhered to by the Transmission Provider) of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour (or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider). Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes (or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider) before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

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

#### 14.1 Term

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

#### 14.2 Reservation Priority

Non-Firm Point-To-Point Transmission Service shall be available from transmission capability in excess

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

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

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

#### 14.4 Service Agreements

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

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

Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application under Schedule 8.

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

Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. (or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider) of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour schedules of energy that are to be delivered must be stated in increments of 1,000 kW per hour (or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider). Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes (or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider) before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification.

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

#### 14.7 Curtailment or Interruption of Service

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

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

### 15 Service Availability

#### 15.1 General Conditions

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

#### 15.2 Determination of Available Transmission Capability

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

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

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

#### 15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System

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

#### 15.5 Deferral of Service

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

#### 15.6 Other Transmission Service Schedules

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

#### 15.7 Real Power Losses

Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are specified in the Service Agreements.

### 16 Transmission Customer Responsibilities

#### 16.1 Conditions Required of Transmission Customers

Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following

conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;
- d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation; and
- e. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

#### 16.2 Transmission Customer Responsibility for Third-Party Arrangements

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

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

#### 17.1 Application

A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to the appropriate Regional Office, as identified in Attachment K to the Tariff, at least sixty (60) days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm

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

#### 17.2 Completed Application

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

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by the Tariff, by Federal law, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service;
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission

System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;

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

#### 17.3 Processing Fee

A Completed Application for Firm Point-To-Point Transmission Service also shall include a non-refundable processing fee. Such fee shall be applicable to all Transmission Customers for firm Transmission Service requests of one year or longer. Individual Transmission Provider processing fees will be calculated using the number of estimated hours it will take to process an application and will be set forth in Attachment K. This fee does not apply to costs to complete System Impact Studies or Facility Studies or to add new facilities.

#### 17.4 Notice of Deficient Application

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

#### 17.5 Response to a Completed Application

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

timing of such responses must be made on a non-discriminatory basis.

#### 17.6 Execution of a Service Agreement

Whenever the Transmission Provider determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request service without an executed Service Agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

#### 17.7 Extensions for Commencement of Service

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

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

##### 18.1 Application

Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the

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

#### 18.2 Completed Application

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

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

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

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

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

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

Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for

daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon the day before service is to commence. Requests for service received later than 2:00 p.m. prior to the day service is scheduled to commence will be accommodated if practicable [or such reasonable times that are generally accepted in the region and are consistently adhered to by the Transmission Provider].

#### 18.4 Determination of Available Transmission Capability

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

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

#### 19.1 Notice of Need for System Impact Study

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

Agreement, its application shall be deemed withdrawn.

#### 19.2 System Impact Study Agreement and Compensation:

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

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

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

#### 19.3 System Impact Study Procedures

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

Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request service without an executed Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

#### 19.4 Facilities Study Procedures

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

Customer shall have thirty (30) days to execute a construction agreement and a Service Agreement and provide the advance payment or request service without an executed Service Agreement pursuant to Section 15.3 and pay the Transmission Customer's share of the costs or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn. Any advance payment made by the Transmission Customer that is in excess of the costs incurred by the Transmission Provider shall be refunded.

#### 19.5 Facilities Study Modifications

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

#### 19.6 Due Diligence in Completing New Facilities

The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. The Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

#### 19.7 Partial Interim Service

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

#### 19.8 Expedited Procedures for New Facilities

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

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

##### 20.1 Delays in Construction of New Facilities

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

## 20.2 Alternatives to the Original Facility Additions

When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request the Transmission Provider to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

## 20.3 Refund Obligation for Unfinished Facility Additions

If the Transmission Provider and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any advance payment made by the Transmission Customer that is in excess of the costs incurred by the Transmission Provider through the time construction was suspended shall be returned. However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended.

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

### 21.1 Responsibility for Third-Party System Additions

The Transmission Provider shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Transmission Provider will undertake reasonable

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

### 21.2 Coordination of Third-Party System Additions

In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

## 22 Changes in Service Specifications

### 22.1 Modifications On a Non-Firm Basis

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

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

Transmission Provider on behalf of its Native Load Customers.

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

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

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

### 22.2 Modifications on a Firm Basis

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

## 23 Sale or Assignment of Transmission Service

### 23.1 Procedures for Assignment or Transfer of Service

Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall not exceed the higher of (i) the original rate paid by the Reseller, (ii) the Transmission Provider's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at the Transmission Provider's cost of expansion. If the Assignee does not



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

#### 23.2 Limitations on Assignment or Transfer of Service

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

#### 23.3 Information on Assignment or Transfer of Service

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

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

##### 24.1 Transmission Customer Obligations

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

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

##### 24.2 Transmission Provider Access to Metering Data

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

##### 24.3 Power Factor

Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Provider pursuant to Good Utility Practices. The power factor requirements are specified in the 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 Provider shall use Part II of the Tariff to make its Third-Party Sales. The Transmission Provider shall account for such use at the applicable Tariff rates, pursuant to Section 8.

#### 26 Stranded Cost Recovery

The Transmission Provider may seek to recover stranded costs from the Transmission Customer in a manner consistent with applicable Federal law and regulations.

#### 27 Compensation for New Facilities and Redispatch Costs

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

### Part III. Network Integration Transmission Service

#### Preamble

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

#### 28 Nature of Network Integration Transmission Service

##### 28.1 Scope of Service

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

##### 28.2 Transmission Provider Responsibilities

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

Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Provider's delivery of its own generating and purchased resources to its Native Load Customers. This obligation to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load is contingent upon the availability to Western of sufficient appropriations, when needed, and the Transmission Customer's advanced funds.

### 28.3 Network Integration Transmission Service

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

### 28.4 Secondary Service

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

### 28.5 Real Power Losses

Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are specified in the Service Agreements.

### 28.6 Restrictions on Use of Service

The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network

Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System.

### 29 Initiating Service

#### 29.1 Condition Precedent for Receiving Service

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

#### 29.2 Application Procedures

An Eligible Customer requesting service under Part III of the Tariff must submit an Application to the Transmission Provider as far as possible in advance of the month in which service is to commence. Unless subject

to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. A Completed Application for Network Integration Transmission Service also shall include a non-refundable processing fee. Such fee shall be applicable to all Transmission Customers for firm Transmission Service requests of one year or longer. Individual Transmission Provider processing fees will be calculated using the number of estimated hours it will take to process an application and will be set forth in Attachment K. This fee does not apply to costs to complete System Impact Studies or Facility Studies or to add new facilities. A Completed Application shall provide all of the information included in 18 CFR 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under

which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any), included in the 10 year load forecast provided in response to (iii) above;

- (v) A description of Network Resources (current and 10-year projection), which shall include, for each Network Resource:
  - Unit size and amount of capacity from that unit to be designated as Network Resource
  - VAR capability (both leading and lagging), of all generators
  - Operating restrictions
    - Any periods of restricted operations throughout the year
    - Maintenance schedules
    - Minimum loading level of unit
    - Normal operating level of unit
    - Any must-run unit designations required for system reliability or contract reasons
  - Approximate variable generating cost (\$/MWH) for redispatch computations
  - Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource
  - Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery point(s) to the Transmission Provider's Transmission System;
- (vi) Description of Eligible Customer's transmission system:
  - Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
  - Operating restrictions needed for reliability
  - Operating guides employed by system operators
  - Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
  - Location of Network Resources described in subsection (v) above
  - 10 year projection of system expansions or upgrades
  - Transmission System maps that include any proposed expansions or upgrades

—Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;

(vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

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

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

#### 29.4 Network Customer Facilities

The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer constructing, maintaining and operating the facilities on its side of each delivery point or interconnection

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

29.5 This section is intentionally left blank.

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

#### 30.2 Designation of New Network Resources

The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made by a request for modification of service pursuant to an Application under Section 29.

#### 30.3 Termination of Network Resources

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

#### 30.4 Operation of Network Resources

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

condition which may impair or degrade the reliability of the Transmission System.

### 30.5 Network Customer Redispatch Obligation

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

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

The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

### 30.7 Limitation on Designation of Network Resources

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

### 30.8 Use of Interface Capacity by the Network Customer

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

### 30.9 Network Customer Owned Transmission Facilities

The Network Customer that owns existing transmission facilities that are integrated with the Transmission

Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the Transmission Provider to serve its power and transmission customers. For facilities constructed by the Network Customer subsequent to the Service Commencement Date under Part III of the Tariff, the Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with the Transmission Provider. Calculation of the credit shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

### 31 Designation of Network Load

#### 31.1 Network Load

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

#### 31.2 New Network Loads Connected With the Transmission Provider

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

#### 31.3 Network Load Not Physically Interconnected with the Transmission Provider

This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (1) electing to include

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

#### 31.4 New Interconnection Points

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

#### 31.5 Changes in Service Requests

Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the Transmission Provider and charged to the Network Customer as reflected in the Service Agreement. However, the Transmission Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner. The Transmission Provider will have no obligation to refund any advance of funds expended for purposes of providing facilities for a Network Customer. However, upon receipt of a Network Customer's written notice of such a cancellation or delay, the Transmission Provider will use the same reasonable efforts to mitigate the costs and charges owed to the Transmission Provider as it would to reduce its own costs and charges.

#### 31.6 Annual Load and Resource Information Updates

The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff. The Network Customer also shall provide the Transmission Provider with timely

written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.

### 32 Additional Study Procedures for Network Integration Transmission Service Requests

#### 32.1 Notice of Need for System Impact Study

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

#### 32.2 System Impact Study Agreement and Compensation

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

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

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

#### 32.3 System Impact Study Procedures

Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request service without an executed Service Agreement pursuant to Section 29.1, or the Application shall be deemed terminated and withdrawn.

#### 32.4 Facilities Study Procedures

If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study,

shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to advance funds to the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall advance funds to the Transmission Provider for the construction of new facilities and such advance and construction shall be provided for in a separate agreement. If the construction of new facilities requires the expenditure of Transmission Provider funds, such construction shall be contingent upon the availability of appropriated funds. The Eligible Customer shall have thirty (30) days to execute a construction agreement and a Service Agreement and provide the advance payment or request service without an executed Service Agreement pursuant to Section 29.1 and pay the Transmission Customer's share of the costs or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn. Any advance payment made by the Transmission Customer that is in excess of the costs incurred by the Transmission Provider shall be refunded.

### 33 Load Shedding and Curtailments

#### 33.1 Procedures

Prior to the Service Commencement Date, the Transmission Provider and the

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

### 33.2 Transmission Constraints

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

### 33.3 Cost Responsibility for Relieving Transmission Constraints

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

### 33.4 Curtailments of Scheduled Deliveries

If a transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries, the

Parties shall Curtail such schedules in accordance with the Network Operating Agreement.

### 33.5 Allocation of Curtailments

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

### 33.6 Load Shedding

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

### 33.7 System Reliability

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

discriminatory relative to the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

### 34 Rates and Charges

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

#### 34.1 Monthly Demand Charge

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

#### 34.2 Determination of Network Customer's Monthly Network Load

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

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

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

#### 34.4 Redispatch Charge

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

### 34.5 Stranded Cost Recovery

The Transmission Provider may seek to recover stranded costs from the Network Customer in a manner consistent with applicable Federal law and regulations.

### 35 Operating Arrangements

#### 35.1 Operation under The Network Operating Agreement

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

#### 35.2 Network Operating Agreement

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

council requirements. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

#### 35.3 Network Operating Committee

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

#### Schedule 1

##### *Scheduling, System Control and Dispatch Service*

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

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

The Transmission Provider may modify the charges for Scheduling, System Control and Dispatch Service upon written notice to the Transmission Customer. Any change to the charges to the Transmission Customer for

Scheduling, System Control and Dispatch Service shall be as set forth in a subsequent rate schedule promulgated pursuant to applicable Federal laws, regulations and policies and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

#### Schedule 2

##### *Reactive Supply and Voltage Control From Generation Sources Service*

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

Reactive Supply and Voltage Control from Generation Sources Service can be provided directly by the Transmission Provider if the Transmission Provider is the Control Area operator or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for such service will be based upon the rates referred to below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Control Area Operator.

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

The Transmission Provider may modify the charges for Reactive Supply and Voltage Control from Generation Sources Service upon written notice to the Transmission Customer. Any change to the charges to the Transmission Customer for Reactive Supply and Voltage Control from Generation Sources Service shall be as set forth in a subsequent rate schedule promulgated pursuant to applicable Federal laws, regulations and policies and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

### Schedule 3

#### *Regulation and Frequency Response Service*

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

The Transmission System specific charges for Regulation and Frequency Response Service are set forth in the appropriate rate schedule attached to and made part of the applicable Service Agreement. The rates or rate methodology used to calculate the

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

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

### Schedule 4

#### *Energy Imbalance Service*

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either obtain this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

The Transmission Provider shall establish a deviation band of  $\pm 1.5$  percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s). Parties should attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days or within such other reasonable period of time as is generally accepted in the region and consistently adhered to by the Transmission Provider. If an energy imbalance is not corrected within thirty (30) days or a reasonable period of time that is generally accepted in the region and consistently adhered to by the Transmission Provider, the Transmission Customer will compensate the Transmission Provider for such service. Energy imbalances outside the deviation band will be subject to charges to be specified by the Transmission Provider. Compensation

for Energy Imbalance Service will be as set forth below.

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

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

### Schedule 5

#### *Operating Reserve—Spinning Reserve Service*

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

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



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

#### **Schedule 6**

##### *Operating Reserve—Supplemental Reserve Service*

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

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

The Transmission Provider may modify the charges for Operating Reserve—Supplemental Reserve Service upon written notice to the Transmission Customer. Any change to the charges to the Transmission Customer for Operating Reserve—Supplemental Reserve Service shall be as set forth in

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

#### **Schedule 7**

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

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

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

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

#### **Schedule 8**

##### *Non-Firm Point-To-Point Transmission Service*

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

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

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

#### **Attachment A**

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

1.0 This Service Agreement, dated as of \_\_\_\_\_, is entered into, by and between the (Region) of Western Area Power Administration (Transmission Provider), and \_\_\_\_\_ (Transmission Customer). The Transmission Provider may revise charges or losses for Firm Point-to-Point Transmission Service provided under this Service

Agreement pursuant to applicable Federal Laws, regulations and policies upon written notice to the Transmission Customer.

2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.

3.0 The Transmission Customer has provided to the Transmission Provider a nonrefundable Application processing fee 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 is mutually agreed. Service under this agreement shall terminate on \_\_\_\_\_.

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

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

Transmission Provider:

\_\_\_\_\_

Transmission Customer:

\_\_\_\_\_

7.0 The Tariff and the "Specifications For Long-Term Firm Point-To-Point" as presently constituted or as they may be revised or superseded are 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.

WESTERN AREA POWER ADMINISTRATION

By: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

(TRANSMISSION CUSTOMER)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

Specifications for Long-Term Firm Point-To-Point Transmission Service

For purposes of this Service Agreement, the Transmission Provider's Transmission System consists of the facilities of the (Region) as described in Attachment K.

1.0 Term of Transaction \_\_\_\_\_

Start Date: \_\_\_\_\_

Termination Date: \_\_\_\_\_

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

3.0 Point(s) of Receipt: \_\_\_\_\_

Delivering Party: \_\_\_\_\_

Capacity Reservation: \_\_\_\_\_

4.0 Point(s) of Delivery: \_\_\_\_\_

Receiving Party: \_\_\_\_\_

Capacity Reservation: \_\_\_\_\_

5.0 The Maximum amount of capacity and energy to be transmitted (Reserved Capacity) is: \_\_\_\_\_

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

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

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

Name(s) of any Intervening Systems providing transmission service: \_\_\_\_\_

8.0 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: \_\_\_\_\_

8.5 Redispatch Charges: To be filled in if applicable.

8.6 Network Upgrade Charges: To be filled in if applicable.

9.0 Power Factor: The Transmission Customer will be required to maintain a power factor between \_\_\_-percent lagging and \_\_\_-percent leading for all deliveries of capacity and energy to and from the Transmission Provider's Transmission System.

10.0 Transmission Losses:

10.1 Loss Factors:

10.1.1 If, based on operating experience and technical studies, the Transmission Provider determines that any of the transmission loss factors on the Transmission Provider's Transmission System differs from the loss factors set forth in this Service Agreement, the Transmission Provider will notify the Transmission Customer of the revised loss factor(s) pursuant to Section 1.0 of this Service Agreement.

10.1.2 Transmission Provider Transmission Loss Factor: Transmission Provider transmission losses shall initially be \_\_\_% and shall be assessed on the power scheduled and transmitted to

a point of delivery on the Transmission Provider's Transmission System.

11.0 Ancillary Services

11.1 Provided by Transmission Provider  
11.1.1 Scheduling, System Control, and Dispatch Service

11.1.2 Reactive Supply and Voltage Control from Generation Sources Service

11.2 Provided by Transmission Customer

11.2.1 (To be filled in if applicable)

11.2.2

11.3 Provided by \_\_\_\_\_

11.3.1 (To be filled in if applicable)

11.3.2

12.0 Net Billing and Bill Crediting Option: The Parties have agreed to implement [Net Billing, Bill Crediting, or both] as set forth in Attachment J.

13.0 Charges for Service: Charges for Firm Point-to-Point Transmission Service and associated Ancillary Services shall be calculated in accordance with [Rate Schedules] attached hereto and made a part of this Service Agreement. The rates or rate methodology used to calculate the charges for service under that schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies. [This section will be included as appropriate at the Transmission Provider's discretion]

14.0 Independent System Operator: The Parties understand that the Transmission Provider may join an independent system operator under Commission jurisdiction. In the event the Transmission Provider either joins or is required to conform to protocols of the independent system operator, the Parties agree that the Transmission Provider either may (1) may make any changes necessary to conform to the terms and conditions required by Commission approval of the independent system operator, or (2) terminate this Service Agreement by providing a one-year written notice to the Transmission Customer.

Attachment B

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

1.0 This Service Agreement, dated as of \_\_\_\_\_, is entered into, by and between the (Region) of Western Area Power Administration (Transmission Provider), and \_\_\_\_\_ (Transmission Customer). The Transmission Provider may revise charges or losses for Non-Firm Point-to-Point Transmission Service provided under this Service Agreement pursuant to applicable Federal laws, regulations and policies upon written notice to the Transmission Customer.

2.0 The Transmission Customer has been determined by the Transmission Provider to be a Transmission Customer under Part II of the Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.2 of the Tariff.

3.0 Service under this Service Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Transmission Customer.

For purposes of this Service Agreement, the Transmission Provider's Transmission System consists of the facilities of the (Region) as described in Attachment K.

4.0 The Transmission Customer agrees to supply information the Transmission Provider deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.

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

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

Transmission Provider:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Transmission Customer:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

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

8.0 *Power Factor:* The Transmission Customer will be required to maintain a power factor between \_\_\_-percent lagging and \_\_\_-percent leading for all deliveries of capacity and energy to and from the Transmission Provider's Transmission System.

9.0 *Transmission Losses:*

9.1 *Loss Factors:*

9.1.1 If, based on operating experience and technical studies, the Transmission Provider determines that any of the transmission loss factors on the Transmission Provider's Transmission System differs from the loss factors set forth in this Service Agreement, the Transmission Provider will notify the Transmission Customer of the revised loss factor(s) pursuant to Section 1.0 of this Service Agreement.

9.1.2 *Transmission Provider*

*Transmission Loss Factor:* Transmission Provider transmission losses shall initially be \_\_\_\_\_% and shall be assessed on the power scheduled and transmitted to a point of delivery on the Transmission Provider's Transmission System.

10.0 *Ancillary Services*

10.1 Provided by Transmission Provider

10.1.1 Scheduling, System Control, and Dispatch Service

10.1.2 Reactive Supply and Voltage

Control from Generation Sources Service

10.2 Provided by Transmission Customer

10.2.1 To be filled in if appropriate

10.2.2

10.3 Provided by \_\_\_\_\_

10.3.1 To be filled in if appropriate

10.3.2

11.0 *Net Billing and Bill Crediting*

*Option:* The Parties have agreed to implement [Net Billing, Bill Crediting, or both] as set forth in Attachment J.

12.0 *Charges for Service:* Charges for Non-Firm Point-to-Point Transmission

Service and associated Ancillary Services shall be calculated in accordance with [Rate Schedules] attached hereto and made a part of this Service Agreement. The rates or rate methodology used to calculate the charges for service under that schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies. [This section will be included as appropriate at the Transmission Provider's discretion.]

13.0 *Independent System Operator:* The Parties understand that the Transmission Provider may join an independent system operator under Commission jurisdiction. In the event the Transmission Provider either joins or is required to conform to protocols of the independent system operator, the Parties agree that the Transmission Provider either may (1) may make any changes necessary to conform to the terms and conditions required by Commission approval of the independent system operator, or (2) terminate this Service Agreement by providing a one-year written notice to the Transmission Customer.

*In Witness Whereof,* the Parties have caused this Service Agreement to be executed by their respective authorized officials.

WESTERN AREA POWER ADMINISTRATION

By: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

(TRANSMISSION CUSTOMER)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

**Attachment C**

*Methodology To Assess Available Transmission Capability*

The Transmission Provider will compute the transmission transfer capability available on a point-to-point basis from the Delivering Party to the Receiving Party using Good Utility Practice and the engineering and operating principles, standards, guidelines and criteria of the Transmission Provider, the applicable Regional Reliability Council, any entity of which the Transmission Provider is a member and is approved by the Commission to promulgate or apply regional or national reliability planning standards (such as a regional transmission group, RTG), or any similar organization that may exist in the future of which the Transmission Provider is then a member. Principal items used to determine maximum transmission transfer capability available shall include reliability, transmission element loading, system contingency performance, voltage levels, and stability. In determining Available Transmission Capability, the Transmission Provider will reserve sufficient transmission capability to meet its current and forecasted power service obligations, current and forecasted Network Customer loads, and existing transmission service obligations.

**Attachment D**

*Methodology for Completing a System Impact Study*

The Transmission Provider will assess the capability of the Transmission System to provide the service requested using the criteria and process for this assessment as detailed in Sections 4 and 5 of the Transmission Provider's annual FERC Form 715 submittal in those instances where the Transmission Provider is a member of the Western Systems Coordinating Council. (CRSP, DSW, RMR, and SNR) The Transmission Provider will use the Mid-Continent Area Power Pool (MAPP) System Impact Study Methodology when the Transmission Provider is a member of MAPP. (UGPR)

**Attachment E**

*Index of Point-To-Point Transmission Service Customers*

Customer	Date of service agreement

**Attachment F**

*Service Agreement for Network Integration Transmission Service*

1.0 This Service Agreement, dated as of \_\_\_\_\_, is entered into, by and between the (Region) of Western Area Power Administration (Transmission Provider), and \_\_\_\_\_ (Transmission Customer).

2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Network Integration Transmission Service under the Tariff.

3.0 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 is mutually agreed upon. Service under this Service Agreement shall terminate on \_\_\_\_\_.

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

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

Transmission Provider:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Transmission Customer:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

6.0 The Tariff and the "Specifications for Network Integration Transmission Service" as presently constituted or as they may be

revised or superseded are 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.

WESTERN AREA POWER ADMINISTRATION

By: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 Date: \_\_\_\_\_  
 (TRANSMISSION CUSTOMER)

By: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 Date: \_\_\_\_\_

*Specifications for Network Integration Transmission Service*

For purposes of this Service Agreement, the Transmission Provider's Transmission System consists of the facilities of the (Region) as described in Attachment K.  
 1.0 The Transmission Provider will provide Network Integration Transmission

Service over the Transmission Provider's Transmission System for the delivery of capacity and energy from the Network Customer's designated Network Resources to the Network Customer's designated Network Load. The Transmission Provider will also provide non-firm transmission service from non-designated Network Resources under the terms of this Service Agreement. The loss factors associated with this Network Integration Transmission Service are set forth below. Such losses shall be applied and accounted for as set forth in Section 4.  
 2.0 *Designated Network Resources:*

Designated network resources & estimated maximum resource (MW)	Point of receipt	Delivering party and voltage

3.0 *Designated Network Loads:*

Designated network load & estimated maximum resource (MW)	Point of delivery	Voltage

4.0 *Transmission Losses:*

4.1 *Loss Factors:*

4.1.1 If, based on operating experience and technical studies, the Transmission Provider determines that any of the transmission loss factors on the Transmission Provider's Transmission System differs from the loss factors set forth in this Service Agreement, the Transmission Provider will notify the Transmission Customer of the revised loss factor(s) pursuant to Section 1.0 of this Service Agreement.

4.1.2 *Transmission Provider*

*Transmission Loss Factor:* For deliveries to the Network Customer Network Load, Transmission Provider transmission losses shall initially be \_\_\_% and shall be assessed on the power scheduled and transmitted to a point of delivery on the Transmission Provider's Transmission System.

4.2 Transmission losses may be revised by written notice from the Transmission Provider to the Transmission Customer.

5.0 The Network Customer's transmission facilities that are integrated with the Transmission Provider's Transmission System will receive \_\_\_ credit. These facilities include the following:

5.1 \_\_\_\_\_

5.2 \_\_\_\_\_

6.0 Names of any intervening systems with whom the Network Customer has arranged for transmission service to the

Transmission Provider's Transmission System.

6.1 \_\_\_\_\_

6.2 \_\_\_\_\_

7.0 *Power Factor:* The Transmission Customer will be required to maintain a power factor between \_\_\_-percent lagging and \_\_\_-percent leading for all deliveries of capacity and energy to and from the Transmission Provider's Transmission System.

8.0 *Ancillary Services*

8.1 Provided by Transmission Provider  
 8.1.1 Scheduling, System Control, and Dispatch Service

8.1.2 Reactive Supply and Voltage Control from Generation Sources Service  
 8.2 Provided by Transmission Customer

8.2.1 (To be filled in if appropriate)

8.2.2 \_\_\_\_\_

8.3 Provided by \_\_\_\_\_

8.3.1 (To be filled in if appropriate)

8.3.2 \_\_\_\_\_

9.0 *Net Billing and Bill Crediting Option:* The Parties have agreed to implement [Net Billing, Bill Crediting, or both] as set forth in Attachment J.

10.0 *Charges for Service:* Charges for associated Ancillary Services shall be calculated in accordance with [Rate Schedule] attached hereto and made a part of this Service Agreement. The rates or rate methodology used to calculate the charges for service under that schedule were

promulgated and may be modified pursuant to applicable Federal laws, regulations and policies. [This section will be included as appropriate at the Transmission Provider's discretion]

11.0 *Independent System Operator:* The Parties understand that the Transmission Provider may join an independent system operator under Commission jurisdiction. In the event the Transmission Provider either joins or is required to conform to protocols of the independent system operator, the Parties agree that the Transmission Provider either (1) may make any changes necessary to conform to the terms and conditions required by Commission approval of the independent system operator, or (2) terminate this Service Agreement by providing a one-year written notice to the Transmission Customer.

**Attachment G**

*Network Operating Agreement*

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

Agreement will be specified in a separate Network Operating Agreement.

The Network Operating Agreement will include provisions addressing the following:

- Authorized Representatives of the Parties
- Network Operating Committee
- Load Following
- System Protection
- Redispatch to Manage Transmission Constraints
- Maintenance of Facilities
- Load Shedding
- Operation Impacts
- Service Conditions
- Data, Information and Reports
- Metering
- Communications
- System Regulation and Operating Reserves
- Assignment
- Notices
- Accounting for Transmission Losses (Alternative language to be used only by UGPR) Network Integration

Transmission provided by the Transmission Provider will be subject to all operating and scheduling procedures and protocols of the Mid-Continent Area Power Pool (MAPP) as stated in the MAPP Restated Agreement and the MAPP Operating Handbook as existing and as may be amended, superseded or replaced. The Transmission Provider will, therefore, not enter into a separate Network Operating Agreement with each Network Customer.

**Attachment H**

*Annual Transmission Revenue Requirement for Network Integration Transmission Service*

1.0 The Annual Transmission Revenue Requirement for purposes of the Network Integration Transmission Service is to be set forth in a separate Rate Schedule.

2.0 The amount in 1 shall be effective until amended by the Transmission Provider or modified by the Commission pursuant to applicable Federal laws, regulations and policies, and may be revised upon written notice to the Transmission Customer.

**Attachment I**

*Index of Network Integration Customers*

Customer	Date of service agreement

**Attachment J**

*Provisions Specific to the Transmission Provider*

1.0 Change of Rates

Rates applicable under the Service Agreements shall be subject to change by Western in accordance with appropriate rate adjustment procedures. If at any time the United States promulgates a rate changing a rate then in effect under a Service Agreement, it will promptly notify the Transmission Customer thereof. Rates shall

become effective as to the Service Agreements as of the effective date of such rate. The Transmission Customer, by written notice to the Transmission Provider within ninety (90) days after the effective date of a rate change, may elect to terminate the service billed by the Transmission Provider under the new rate. Said termination shall be effective on the last day of the billing period requested by the Transmission Customer not later than two (2) years after the effective date of the new rate. Service provided by the Transmission Provider shall be paid for at the new rate regardless of whether the Transmission Customer exercises the option to terminate service.

2.0 Contingent Upon Appropriations

Where activities provided for in the Service Agreement extend beyond the current fiscal year, continued expenditures by the Transmission Provider are contingent upon Congress making necessary appropriations required for the continued performance of the Transmission Provider's obligations under the Service Agreement. In the event that such appropriation by Congress is not made, the Transmission Customer hereby releases the Transmission Provider from its obligations under the Service Agreement and from all liability due to the failure of Congress to make such appropriation.

3.0 Covenant Against Contingent Fees

The Transmission Customer warrants that no person or selling agency has been employed or retained to solicit or secure the Service Agreement upon a contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Transmission Customer for the purpose of securing business. For breach or violation of this warranty, the Transmission Provider shall have the right to annul the Service Agreement without liability or in its discretion to deduct from the Service Agreement price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

4.0 Contract Work Hours and Safety Standards

The Service Agreement, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act (Act), 40 U.S.C. 329 (1986), is subject to the provisions of the Act, 40 U.S.C. 327-333 (1986), and to regulations promulgated by the Secretary of Labor pursuant to the Act.

5.0 Equal Opportunity Employment Practices

Section 202 of Executive Order No. 11246, 43 FR 46501 (1978), which provides, among other things, that the Transmission Customer will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, is incorporated by reference in the Service Agreement.

6.0 Use of Convict Labor

The Transmission Customer agrees not to employ any person undergoing sentence of

imprisonment in performing the Service Agreement except as provided by 18 U.S.C. 4082(c)(2) and Executive Order 11755, December 29, 1973.

7.0 Entire Agreement

The Service Agreements, including the Tariff, together with the specifications under such Service Agreement and any completed scheduling forms shall constitute the entire understanding between the Transmission Provider and the Transmission Customer with respect to Transmission Service thereunder.

8.0 Power Supply Obligations

The Transmission Provider shall not be obligated to supply capacity and energy from its own sources or from its purchases from other neighboring systems during Interruptions or Curtailments in the delivery by the Transmission Provider or delivery to the Transmission Provider by the Delivering Party of capacity and energy for Transmission Service hereunder, and nothing in the Service Agreement or in the Transmission Customer's agreements with others shall have the effect of making, nor shall anything in the Service Agreement or said agreements with others be construed to require the Transmission Provider to take any action which would make the Transmission Provider, directly or indirectly, a source of power supply to the Transmission Customer, to any Delivering Party or Receiving Party, or to any ultimate recipient other than through the provision of Operating Reserve Service.

9.0 Federal Law

Performance under the Tariff and Service Agreement shall be governed by applicable Federal law.

10.0 Continuing Obligations

The applicable provisions of the Service Agreement will continue in effect after termination of the Service Agreement to the extent necessary to provide for final billing, billing adjustments and payments, and with respect to liability and indemnification from acts or events that occurred while this Service Agreement was in effect.

11.0 Net Billing

As mutually agreed in the Service Agreement, payments due the Transmission Provider by a Transmission Customer may be offset against payments due the Transmission Customer by the Transmission Provider for the use of transmission facilities, operation and maintenance of electric facilities, and other services. For services included in net billing procedures, payments due one Party in any month shall be offset against payments due the other Party in such month, and the resulting net balance shall be paid to the Party in whose favor such balance exists. The Parties shall exchange such reports and information that either Party requires for billing purposes. Net billing shall not be used for any amounts due which are in dispute.

12.0 Bill Crediting

As mutually agreed in the Service Agreement, payments due the Transmission Provider by a Transmission Customer shall be paid by a Transmission Customer to a third party when so directed by the

Transmission Provider. Any third party designated to receive payment in lieu of the Transmission Provider, and the amount to be paid to that party, will be so identified in writing to a Transmission Customer with the monthly power bill. The payment to the third party shall be due and payable by the payment due date specified on the Transmission Provider's bill. When remitting payment to a designated third party, a Transmission Customer shall indicate that such payment is being made on behalf of the Transmission Provider. The Transmission Provider shall credit a Transmission Customer for the amount paid as if payment had been made directly to the Transmission Provider. All other payment provisions shall remain in full force and effect.

## Attachment K

### *Authorities and Obligations*

Western Area Power Administration (Western) was established on December 21, 1977, pursuant to Section 302 of the Department of Energy (DOE) Organization Act, Public Law 95-91, dated August 4, 1977. By law, the Bureau of Reclamation provides Federal power resources to its project use customers. By law, Western markets Federal power resources to its electric service customers. Western's transmission system was built primarily to enable the delivery of Federal power to satisfy these contractual obligations.

Western is not a public utility under Sections 205 and 206 of the Federal Power Act and is not specifically subject to the requirements of the Federal Energy Regulatory Commission's (FERC or Commission) Final Orders No. 888 and 888-A. Western is a transmitting utility subject to Section 211 of the Federal Power Act as amended by the Energy Policy Act of 1992. The Department of Energy has issued a Power Marketing Administration Open Access Transmission Policy that supports the intent of the FERC Notice of Proposed Rulemaking for Open Access Transmission.

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

Western's Regional Offices reserved transmission capacity shall, therefore, include capacity sufficient to deliver Federal power resources to customers of the Federal government. Nothing in this Tariff shall alter, amend or abridge the statutory or contractual obligations of Western to market and deliver

Federal power resources and to repay the Federal investment in such projects. The Tariff provides for transmission, including each Regional Office's use of those facilities for third party sales, on the unused capability of transmission facilities under the jurisdiction or control of each of Western's Regional Offices not required for the delivery of long term firm capacity and energy to customers of the Federal government in a manner consistent with the spirit and intent of FERC Order Nos. 888 and 888-A.

Western has prepared this Tariff and service agreements to provide transmission service comparable to that required of public utilities by FERC Order Nos. 888 and 888-A, and to implement those Orders consistent with the DOE Policy. An entity desiring transmission service from Western must comply with the application procedures outlined herein. The review and approval requirements detailed herein will apply to all requesting parties. Western will perform the necessary studies or assessments for evaluating requests for transmission service as set forth in the Tariff. Any facility construction or interconnection necessary to provide transmission service will be subject to Western's General Requirements for Interconnection which are available upon request.

Western will provide Firm and Non-Firm Point-to-Point Transmission Service and Network Integration Transmission Service under this Tariff. The specific terms and conditions for providing transmission service to a customer will be included in a Service Agreement. Operating Procedures, Available Transmission Capability (ATC), and System Impact Methodology are defined in the Attachments. Western's rates are developed under separate public processes pursuant to applicable Federal law and regulations. Therefore, rates and charges for specific services will be set forth in the appropriate Regional rates schedules attached to each Service Agreement.

Western has marketed the maximum practical amount of power from each of its projects, leaving little or no flexibility for provision of additional power services. Changes in water conditions frequently affect the ability of hydroelectric projects to meet obligations on a short term basis. The unique characteristics of the hydro resource, Western's marketing plans and the limitations of the resource due to changing water conditions limit Western's ability to provide generation-related services including ancillary services and redispatching using Federal hydro resources.

Western operates in 15 Central and Western States encompassing a geographic area of 3.38 million-square-kilometers (1.3 million-square-miles). Western has four Customer Service Regional Offices and the Colorado River Storage Project Customer Service Center, each referred to in the Tariff as Regional Office. The addresses for submitting applications to Western's Regional Offices are as follows: Colorado River Storage Project, CRSP Manager, P.O. Box 11606, Salt Lake City, UT, 84147-0606, telephone number (801) 524-6372; Desert Southwest Region, Power Marketing Manager, P.O. Box 6457, Phoenix, AZ,

95005-6457, telephone number (602) 352-2789; Rocky Mountain Region, Power Marketing Manager, P.O. Box 3700, Loveland, CO, 80539-3003, telephone number (970) 490-7370; Sierra Nevada Region, Power Marketing Manager, 114 Parkshore Drive, Folsom, CA, 95630-4710, telephone number (916) 353-4421; Upper Great Plains Region, Power Marketing Manager, P.O. Box 35800, Billings, MT, 59107-5800, telephone number (406) 247-7394.

Colorado River Storage Project Customer Service Center

The Colorado River Storage Project Customer Service Center (CRSP CSC), located in Salt Lake City, Utah, markets power from three Federal multipurpose water development projects; the Colorado River Storage Project (CRSP), the Collbran Project, and the Rio Grande Project, collectively called the Integrated Projects. The hydroelectric facilities associated with these projects include: Flaming Gorge and Fontenelle powerplants on the Green River; Blue Mesa, Morrow Point, and Crystal powerplants on the Gunnison River; Upper and Lower Molina powerplants of the Collbran Project in Western Colorado; the largest of the CRSP facilities, Glen Canyon power plant on the Colorado River; and Elephant Butte power plant, part of the Rio Grande Project on the Rio Grande River in South Central New Mexico. The CRSP transmission system consists of high-voltage transmission lines and attendant facilities extending from Arizona, into New Mexico, through Colorado, and into portions of Utah and Wyoming. The CRSP CSC uses the CRSP transmission system to meet its commitments to its federal customers, point-to-point transmission customers, and exchange power contractors. The CRSP CSC must, therefore, reserve sufficient transmission capacity to meet these long-term obligations. The CRSP CSC also needs to reserve capacity in its transmission system to enable it to deliver power produced by the Integrated Projects hydroelectric powerplants during periods when flood control water releases produce greater than normal generation levels.

The CRSP CSC office, located in Salt Lake City, is a member of the Western Regional Transmission Group and Southwest Regional Transmission Group and operates within the Western Systems Coordinating Council (WSCC).

The CRSP CSC does not operate a control area and as such may be unable to provide some or all of the services under the Tariff from its Integrated Projects hydroelectric resources, including, but not limited to, ancillary services and Network Integration Transmission Service.

The CRSP CSC application processing fee will be \$1,600.

Desert Southwest Region

The Desert Southwest Region (DSR) manages transmission facilities in the states of Arizona, California, and Nevada. The DSR transmission facilities are interconnected with transmission facilities of several non-Federal entities. DSR is a member of the Southwest Regional Transmission Group and the Western Regional Transmission Group

and its system is operated in the WSCC. For the purpose of implementing this Tariff the transmission facilities of the Parker-Davis Projects and the Pacific Northwest-Pacific Southwest Intertie Project will be utilized. DSR manages a control area operations center through its Desert Southwest Regional Office located in Phoenix, Arizona.

The DSR application processing fee will be \$1,700.

#### Rocky Mountain Region

The Rocky Mountain Region (RMR) manages transmission facilities in the states of Colorado, Wyoming, Nebraska, and Kansas which were constructed for the primary purpose of marketing power from the Pick-Sloan Missouri Basin Program—Western Division. The RMR office and control area operations center is located in Loveland, Colorado. The RMR is a member of the Western Regional Transmission Group and its system is operated in the Western Systems Coordinating Council.

For RMR, the rates for Point-to-Point and Network Integration Transmission Service charged pursuant to the Tariff will be calculated using the costs of the transmission facilities of the Pick-Sloan Missouri Basin Program—Western Division. The rates for the ancillary services will be calculated using the costs of the generation facilities of the Pick-Sloan Missouri Basin Program—Western Division and the Fryingpan—Arkansas Project.

The RMR application processing fee will be \$1,600.

#### Sierra Nevada Region

The Sierra Nevada Customer Service Region (SNR), located in Folsom, California, manages the Central Valley Project (CVP) transmission facilities in the state of California. These facilities were constructed for the primary purpose of marketing power resources from the CVP. SNR also has ownership rights to capacity in two multi-party transmission systems, the Pacific Northwest-Pacific Southwest Intertie Project (Pacific AC Intertie), and the California-Oregon Transmission Project (COTP). Congress authorized SNR's participation in the Pacific AC Intertie for the purpose of importing power from the Pacific Northwest. COTP rights were acquired pursuant to Public Law 98-630, primarily for the purpose of delivering power to the United States Department of Energy Laboratories (DOE Labs) and Federal Fish and Wildlife refuges. Long-term use of the Pacific AC Intertie and COTP by third parties is restricted under existing contracts. SNR is a member of the Western Regional Transmission Group regional transmission group and operates within the Western Systems Coordinating Council reliability council.

The SNR does not operate a control area and as such may be unable to provide some or all of the services under the Tariff, including but not limited to, ancillary services and Network Integration Transmission Service.

The SNR application processing fee will be \$1,300.

#### Upper Great Plains Region

The Upper Great Plains Region (UGPR) manages transmission facilities in the states

of Montana, North Dakota, South Dakota, Nebraska, Minnesota, and Iowa which were constructed for the primary purpose of marketing power from the Pick-Sloan Missouri Basin Program—Eastern Division. The UGPR office is located in Billings, Montana. The UGPR manages a control area operations center in Watertown, South Dakota. The eastern portion of the UGPR system is operated in the Mid-Continent Area Power Pool (MAPP) reliability council. The western portion of the system is operated in the Western Systems Coordinating Council.

The UGPR transmission facilities are integrated with the transmission facilities of Basin Electric Power Cooperative (Basin) and Heartland Consumers Power District (Heartland) such that transmission services are provided over an integrated transmission system. UGPR rates for Point-to-Point and Network Integration Transmission Service charged pursuant to the Tariff will be calculated using the costs of the transmission facilities of UGPR, Basin, and Heartland that are included in the Transmission System. This Transmission System is also called the Integrated System (IS) and the rates are identified as IS Rates. The integration of these facilities as the IS and the use of the IS rates for short-term sales have been approved by the Administrator of Western. The definition of the Transmission System and the rates for Point-To-Point and Network Integration Transmission Service may be subject to change upon conclusion of an Open Access Transmission Service rate development process conducted pursuant to applicable Federal Law and regulations.

Both Basin and Heartland also own generating facilities and must commit to deliver the output of those resources to their respective members. Basin and Heartland will, therefore, reserve sufficient capacity in their transmission facilities to deliver that output.

Any Transmission Customer taking service under this Tariff shall be subject to a Stranded Cost Charge payable to either UGPR, Basin or Heartland if such service is used for the transmission of power or energy that replaces wholly or in part, power or energy supplied by Western, Basin or Heartland respectively.

The Stranded Cost Charge of Basin shall be applicable regardless of whether the transmission relates to power and/or energy that is purchased by or on behalf of a Generation and Transmission Cooperative member of Basin (G&T), a Distribution Cooperative member of Basin or G&T, or a retail customer of a Distribution Cooperative member of Basin or a G&T.

The Stranded Cost Charge of Heartland shall be applicable whether the transmission service relates to power and/or energy that is purchased by or on behalf of a municipal customer of Heartland or a retail customer of a municipal customer of Heartland.

Stranded costs will be recovered only from a Transmission Customer who obtains transmission service under access rights granted through the Transmission Provider's compliance tariff developed pursuant to FERC Final Orders No. 888 and 888-A and causes either UGPR, Basin or Heartland to incur stranded costs. Stranded costs will be

recovered through the terms and conditions of a separate contract entered into either by UGPR and the Transmission Customer or Basin and the Transmission Customer or Heartland and the Transmission Customer.

The UGPR application processing fee will be \$1,700.

[FR Doc. 98-128 Filed 1-5-98; 8:45am]

BILLING CODE 6450-01-P

## ENVIRONMENTAL PROTECTION AGENCY

[FRL-5947-6]

### Agency Information Collection Activities: Proposed Collections; Comment Request; Information Requirements for Importation of Nonconforming Marine Engines

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Notice.

**SUMMARY:** In compliance with the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*), this notice announces that EPA is planning to submit the following proposed and/or continuing Information Collection Request (ICR) to the Office of Management and Budget (OMB): Information Requirements for Importation of Nonconforming Marine Engines, OMB Control Number 2060-0320. Before submitting the ICR to OMB for review and approval, EPA is soliciting comments on specific aspects of the proposed information collection as described below.

**DATES:** Comments must be submitted on or before March 9, 1998.

**ADDRESSES:** Interested persons may obtain a copy of the ICR without charge by contacting: Vehicle Programs and Compliance Division, 401 M Street, S.W. (6405J), Washington, D.C. 20460, Attn: Imports.

**FOR FURTHER INFORMATION CONTACT:** Mr. Leonard Lazarus, telephone (202) 564-9240, telefax (202) 564-9596.

#### SUPPLEMENTARY INFORMATION:

**Affected entities:** Entities potentially affected by this action include individuals and businesses importing marine engines, including outboard engines and personal watercraft.

**Title:** Information Requirements for Importation of Nonconforming Marine Engines, EPA Control Number 2060-0320, expiration date May 31, 1997.

**Abstract:** Individuals and businesses importing marine engines, including outboard engines and personal watercraft, request approval for engine importations. The collection of this information is mandatory in order to