

VALLEY ELECTRIC ASSOCIATION, INC.

TRANSMISSION OWNER TARIFF

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1. Preamble. Valley Electric Association's ("VEA") Transmission Revenue Requirement ("TRR") and applicable rates and charges for transmission access for its high voltage transmission facilities placed under the CAISO's Operational Control over the CAISO Controlled Grid and the terms and conditions for transmission expansion and interconnection are set forth in this TO Tariff and the CAISO Tariff.

1.1 Transmission Access for Participating TOs. Participating TOs are able to participate in the CAISO and utilize the entire CAISO Controlled Grid to serve their End-Use Customers. The applicable High Voltage Access Charges and Transition Charges shall be paid by Participating TOs to the CAISO pursuant to the CAISO Tariff. If a Participating TO utilizes the Low Voltage Transmission Facilities of another Participating TO, the Participating TO shall also pay the Low Voltage Access Charge of the other Participating TO.

1.2 Transmission Access for Wheeling Customers. Wheeling allows Scheduling Coordinators to deliver Energy through or out of the CAISO Controlled Grid to serve a Load located outside the transmission or Distribution System of a Participating TO. Wheeling Access Charges shall be paid by Scheduling Coordinators to the CAISO pursuant to the CAISO Tariff.

1.3 Transmission Access for End-Users. End-Users receive transmission service over the CAISO Controlled Grid through the Participating TO to whose transmission or distribution facilities the End-User is directly connected. Charges to End-Users for access to the CAISO Controlled Grid shall be paid to the applicable Participating TO to whose transmission or distribution facilities the End-User is directly connected.

2. Effective Date. This TO Tariff is effective on the date on which the transmission facilities and entitlements belonging to the Participating TO are placed into service under the Operational Control of the CAISO and shall continue to be effective, as amended from time to time, so long as VEA is party to the Transmission Control Agreement. Nothing contained herein shall be construed as affecting in any way the right of the party furnishing service under this rate schedule to unilaterally make application to the Federal Energy Regulatory Commission for a change in rates under section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

2.1 Termination. This TO Tariff may be terminated by VEA upon such advance notice and with such authorization as FERC may require.

- 3. TO Tariff Definitions.** Capitalized terms used in this TO Tariff shall have the meanings set out below unless otherwise stated. Capitalized terms used in this tariff and not defined below shall have the meanings set out in the CAISO Tariff, as it may be amended from time to time.
- 3.1 Access Charge.** A charge paid by all Utility Distribution Companies, Small Utility Distribution Companies, and MSS Operators with Gross Load in a PTO Service Territory, as set forth in Article II of the CAISO Tariff. The Access Charge includes the High Voltage Access Charge, the Transition Charge, and the Low Voltage Access Charge. The Access Charge will recover the Participating TO's Transmission Revenue Requirement in accordance with Appendix F, Schedule 3 of the CAISO Tariff.
- 3.2 Automatic Generation Control ("AGC").** Generation equipment that automatically responds to signals from the CAISO's Emergency Management System control in Real-Time to control the Power output of Generating Units within a prescribed area in response to a change in system frequency, tie-line loading, or the relation of these to each other, so as to maintain the target system frequency and the established Interchange with other Balancing Authority Areas within the predetermined limits.
- 3.3 Ancillary Services ("AS").** Regulation, Spinning Reserve, Non-Spinning Reserve, Voltage Support, and Black Start, together with such other interconnected operation services as the CAISO may develop in cooperation with Market Participants to support the transmission of Energy from Generation resources to Loads while maintaining reliable operation of the CAISO Controlled Grid in accordance with WECC standards and Good Utility Practice.
- 3.4 Applicable Reliability Criteria.** The Reliability Standards and reliability criteria established by NERC and WECC and Local Reliability Criteria, as amended from time to time, including any requirements of the Nuclear Regulatory Commission.
- 3.5 Available Transfer Capacity ("ATC").** The available capacity of a given transmission path, in MW, after subtraction of capacity associated with Existing Contracts and Transmission Ownership Rights from that path's Operating Transfer Capability established consistent with CAISO and WECC transmission capacity rating guidelines, further described in Appendix L to the CAISO Tariff.
- 3.6 Base Transmission Revenue Requirement.** The Transmission Revenue Requirement which does not reflect amounts for the Transmission Revenue Balancing Account Adjustment.
- 3.7 Black Start.** The procedure by which a Generating Unit self-starts without an external source of electricity thereby restoring a source of power to the CAISO Balancing Authority Area following system or local area blackouts.
- 3.8 Business Day.** Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.

- 3.9 California Independent System Operator (CAISO).** The California Independent System Operator Corporation, a state chartered, California non-profit public benefit corporation that operates the transmission facilities of all Participating TOs and dispatches certain Generating Units and Loads.
- 3.10 CAISO ADR Procedures.** The procedures for resolution of disputes or differences set out in Section 13 of the CAISO Tariff.
- 3.11 CAISO Controlled Grid.** The system of transmission lines and associated facilities of the Participating TOs that have been placed under the CAISO's Operational Control.
- 3.12 CAISO Protocols.** The rules, protocols, procedures, and standards promulgated by the CAISO (as amended from time to time) to be complied with by the CAISO, Scheduling Coordinators, Participating TOs and all other Market Participants in relation to the operation of the CAISO Controlled Grid and the participation in the markets for Energy and Ancillary Services in accordance with the CAISO Tariff.
- 3.13 CAISO Tariff.** The California Independent System Operator Corporation Operating Agreement and Tariff, dated March 31, 1997, as it may be modified from time to time.
- 3.14 Completed Application Date.** The date on which a party submits an Interconnection Application that satisfies the requirements of a Completed Interconnection Application.
- 3.15 Completed Interconnection Application.** An application that satisfies all of the information and other requirements of Section 10.3 of this TO Tariff, and, if applicable, the information requirements as specified by the CAISO and posted on the CAISO Home Page.
- 3.16 Congestion.** A characteristic of the transmission system produced by a binding Transmission Constraint to the optimum economic dispatch to meet Demand such that the Locational Marginal Price, exclusive of Marginal Cost of Losses, at different Locations of the transmission system is not equal.
- 3.17 Congestion Management.** The alleviation of Congestion in accordance with applicable CAISO procedures, the CAISO Tariff, and Good Utility Practice.
- 3.18 Converted Rights.** Those transmission service rights as defined in Section 4.3.1.6 of the CAISO Tariff.
- 3.19 CPUC.** The California Public Utilities Commission or its successor.

- 3.20 Demand.** The instantaneous amount of Power that is delivered to Loads and Scheduling Points by Generation, transmission, or distribution facilities. It is the product of voltage and the in-phase component of alternating current measured in units of watts or standard multiples thereof, e.g., 1,000W = 1 kW, 1000 kW = 1 MW, etc.
- 3.21 Direct Assignment Facilities.** Facilities or portions of facilities that are owned by the Participating TO necessary to physically and electrically interconnect a particular party requesting Interconnection under this TO Tariff to the CAISO Controlled Grid at the point of interconnection. Direct Assignment Facilities shall be specified in the Interconnection Agreement that governs Interconnection service to such party and shall be subject to FERC approval.
- 3.22 Dispatch.** The activity of controlling an integrated electric system to: (1) assign specific Generating Units and other sources of supply to effect the supply to meet the relevant area Demand taken as Load rises or falls; (2) control operation and maintenance of high voltage lines, substations, and equipment, including administration of safety procedures; (3) operate interconnections; (4) manage Energy transactions with other interconnected Balancing Authority Areas; and (5) curtail Demand.
- 3.23 Distribution System.** The distribution assets of an Investor Owned Utility or Local Publicly Owned Electric Utility.
- 3.24 Eligible Customer.** (1) Any utility (including Participating TOs, Market Participants and any power marketer), Federal power marketing agency, or any person generating Energy for sale or resale; Energy sold or produced by such entity may be Energy produced in the United States, Canada or Mexico; however, such entity is not eligible for transmission service that would be prohibited by Section 212(h)(2) of the Federal Power Act; and (2) any retail customer taking unbundled transmission service pursuant to a state retail access program or pursuant to a voluntary offer of unbundled retail transmission service by the Participating TO.
- 3.25 Encumbrance.** A legal restriction or covenant binding on the Participating TO that affects the operation of any transmission lines or associated facilities and which the CAISO needs to take into account in exercising Operational Control over such transmission lines or associated facilities if the Participating TO is not to risk incurring significant liability. Encumbrances shall include Existing Contracts and may include: (1) other local restrictions or covenants meeting the definition of Encumbrance and arising under other arrangements entered into before the CAISO Operations Date, if any; and (2) legal restrictions or covenants meeting the definition of Encumbrance and arising under a contract or other arrangement entered into after the CAISO Operations Date.
- 3.26 End-Use Customer or End-User.** A consumer of electric power who consumes such power to satisfy a Load directly connected to the CAISO Controlled Grid or to a Distribution System and who does not resell the power.

- 3.27 Energy.** The electrical energy produced, flowing or supplied by generation, transmission, or distribution facilities, being the integral with respect to time of the instantaneous power, measured in units of watt-hours or standard multiples thereof, e.g., 1000 Wh = 1 kWh, 1000 kWh = 1 MWh, etc.
- 3.28 Entitlements.** The right of a Participating TO obtained through contract or other means to use another entity's transmission facilities for the transmission of Energy.
- 3.29 Existing Transmission Contracts ("ETC" or "Existing Contracts").** Those contracts which grant transmission service rights in existence on the CAISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.
- 3.30 Existing Rights.** Those transmission service rights and obligations of non-Participating TOs under Existing Contracts, including all terms, conditions, and rates of the Existing Contracts, as they may change from time to time under the terms of the Existing Contracts.
- 3.31 Expedited Interconnection Agreement.** A contract between a party which has submitted a Request for Expedited Interconnection Procedures and the Participating TO under which the Participating TO agrees to process, on an expedited basis, the Completed Interconnection Application of such party and which sets forth the terms, conditions, and cost responsibilities for such Interconnection.
- 3.32 Facility Study Agreement.** An agreement between a Participating TO and either a Market Participant, Project Sponsor, or identified principal beneficiaries pursuant to which the Market Participant, Project Sponsor, and identified principal beneficiaries agree to reimburse the Participating TO for the cost of a Facility Study.
- 3.33 Facility Study.** An engineering study conducted by a Participating TO to determine required modifications to the Participating TO's transmission system, including the cost and scheduled completion date for such modifications that will be required to provide needed services.
- 3.34 FERC.** The Federal Energy Regulatory Commission or its successor.
- 3.35 FPA.** Parts II and III of the Federal Power Act, 16 U.S.C. § 824 et seq., as they may be amended from time to time.

- 3.36 Generating Unit.** An individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered or a Physical Scheduling Plant, that, in either case, is: (1) located within the CAISO Balancing Authority Area (which includes a Pseudo-Tie of a generating unit to the CAISO Balancing Authority Area); (2) connected to the CAISO Controlled Grid, either directly or via interconnected transmission, or distribution facilities or via a Pseudo-Tie; and (3) capable of producing and delivering net Energy (Energy in excess of a generating station's internal power requirements).
- 3.37 Generation.** Energy delivered from a Generating Unit.
- 3.38 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 any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).
- 3.39 Gross Load.** For purposes of calculating the transmission Access Charge, Gross Load is all Energy (adjusted for distribution losses) delivered for the supply of End-Use Customer Loads directly connected to the transmission facilities or directly connected to the Distribution System of a UDC or MSS Operator located in a PTO Service Territory. Gross Load shall exclude (1) Load with respect to which the Wheeling Access Charge is payable, (2) Load that is exempt from the Access Charge pursuant to Section 4.1 of Appendix I of the CAISO Tariff; and (3) the portion of the Load of an individual retail customer of a Utility Distribution Company, Small Utility Distribution Company or MSS Operator that is served by a Generating Unit that: (a) is located on the customer's site or provides service to the customer's site through arrangements as authorized by Section 218 of the California Public Utilities Code; (b) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; and (c) secures Standby Service from the Participating TO under terms approved by a Local Regulatory Authority or FERC, as applicable, or can be curtailed concurrently with an Outage of the Generating Unit serving the Load. Gross Load forecasts consistent with filed Transmission Revenue Requirements will be provided by each Participating TO to the CAISO.

- 3.40 High Voltage Access Charge (“HVAC”).** The Access Charge applicable under Section 26.1 of the CAISO Tariff to recover the High Voltage Transmission Revenue Requirements of each Participating TO in a Transmission Access Charge Area.
- 3.41 High Voltage Transmission Facility(ies).** A transmission facility that is owned by a Participating TO or to which a Participating TO has an Entitlement that is represented by a Converted Right, that is under the CAISO Operational Control, and that operates at a voltage at or above 200 kilovolts, and supporting facilities, and the costs of which are not directly assigned to one or more specific customers, provided that the High Voltage Transmission Facilities of a Participating TO shall include any Location Constrained Resource Interconnection Facility of that Participating TO that has been turned over to the CAISO’s Operational Control.
- 3.42 High Voltage Transmission Revenue Requirement (“HVTRR”).** The portion of a Participating TO’s Transmission Revenue Requirement associated with and allocable to the Participating TO’s High Voltage Transmission Facilities and Converted Rights associated with High Voltage Transmission Facilities that are under the CAISO Operational Control.
- 3.43 High Voltage Utility-Specific Rate.** A Participating TO’s High Voltage Transmission Revenue Requirement divided by such Participating TO’s forecasted Gross Load.
- 3.44 High Voltage Wheeling Access Charge.** The Wheeling Access Charge associated with the recovery of a Participating TO’s High Voltage Transmission Revenue Requirements in accordance with Section 26.1 of the CAISO Tariff.
- 3.45 Interconnection.** Transmission facilities, other than additions or replacements to existing facilities that: (1) connect one system to another system where the facilities emerge from one and only one substation of the two systems and are functionally separate from the CAISO Controlled Grid facilities such that the facilities are, or can be, operated and planned as a single facility; (2) are identified as radial transmission lines pursuant to contract; or (3) produce Generation at a single point on the CAISO Controlled Grid; provided that such interconnection does not include facilities that, if not owned by the Participating TO, would result in a reduction in the CAISO’s Operational Control of the Participating TO’s portion of the CAISO Controlled Grid.
- 3.46 Interconnection Agreement.** A contract between a party requesting Interconnection and the Participating TO that owns the transmission facility with which the requesting party wishes to interconnect.
- 3.47 Interconnection Application.** An application that requests Interconnection to the CAISO Controlled Grid.

- 3.48 Interest.** Interest shall be calculated in accordance with the methodology specified for interest on refunds in the regulations of FERC at 18 C.F.R. § 35.19a(a)(2)(iii) (1996). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment, except as provided in Section 11.29.13.1 of the CAISO Tariff. When payments are made by mail, bills shall be considered as having been paid on the date of receipt.
- 3.49 Load.** An end-use device of an End-Use Customer that consumes Power. Load should not be confused with Demand, which is the measure of Power that a Load receives or requires.
- 3.50 Local Publicly Owned Electric Utility.** A municipality or municipal corporation operating as a public utility furnishing electric services, a municipal utility district furnishing electric services, a public utility district furnishing electric services, an irrigation district furnishing electric services, a state agency or subdivision furnishing electric services, a rural cooperative furnishing electric services, or a Joint Powers Authority that includes one or more of these agencies and that owns Generation or transmission facilities, or furnishes electric services over its own or its members' electric Distribution System.
- 3.51 Local Regulatory Authority.** The state or local governmental authority, or the board of directors of an electric cooperative, responsible for the regulation or oversight of a utility. VEA is regulated by the Valley Electric Association Board of Directors.
- 3.52 Local Reliability Criteria.** Reliability Criteria unique to the transmission systems of each of the Participating TOs established at the later of: (1) CAISO Operations Date, or (2) the date upon which a New Participating TO places its facilities under the control of the CAISO.
- 3.53 Low Voltage Access Charge (“LVAC”).** The Access Charge applicable under Section 26.1 of the CAISO Tariff to recover the Low Voltage Transmission Revenue Requirement of a Participating TO.
- 3.54 Low Voltage Transmission Facility.** A transmission facility owned by a Participating TO or to which a Participating TO has an Entitlement that is represented by a Converted Right, which is not a High Voltage Transmission Facility, that is under the CAISO Operational Control.
- 3.55 Low Voltage Transmission Revenue Requirement (“LVTRR”).** The portion of a Participating TO's TRR associated with and allocable to the Participating TO's Low Voltage Transmission Facilities and Converted Rights associated with Low Voltage Transmission Facilities that are under the CAISO Operational Control.

- 3.56 Low Voltage Wheeling Access Charge.** The Wheeling Access Charge associated with the recovery of a Participating TO's Low Voltage Transmission Revenue Requirement in accordance with Section 26.1 of the CAISO Tariff.
- 3.57 Market Participant.** An entity, including a Scheduling Coordinator, who either: (1) participates in the CAISO Markets through the buying, selling, transmission, or distribution of Energy, capacity, or Ancillary Services into, out of, or through the CAISO Controlled Grid; (2) is a CRR Holder or Candidate CRR Holder, or (3) is a Convergence Bidding Entity.
- 3.58 Metered Subsystem ("MSS").** A geographically contiguous system located within a single zone which has been operating as an electric utility for a number of years prior to the CAISO Operations Date as a municipal utility, water district, irrigation district, state agency or federal power marketing authority subsumed within the CAISO Balancing Authority Area and encompassed by CAISO certified revenue quality meters at each interface point with the CAISO Controlled Grid and CAISO certified revenue quality meters on all Generating Units or, if aggregated, each individual resource, Participating Load, and Proxy Demand Resource internal to the system, which is operated in accordance with a MSS Agreement described in Section 4.9.1 of the CAISO Tariff.
- 3.59 NERC.** The North American Electric Reliability Corporation or its successor.
- 3.60 New High Voltage Facility.** A High Voltage Transmission Facility of a Participating TO that is placed in service after the beginning of the Transmission Access Charge Transition Period described in Section 4 of Schedule 3 of Appendix F of the CAISO Tariff, or a capital addition made to an Existing High Voltage Facility and placed in service after the beginning of the TAC Transition Period described in Section 4.2 of Schedule 3 of Appendix F of the CAISO Tariff.
- 3.61 New Participating TO.** A Participating TO that is not an Original Participating TO.
- 3.62 Non-Load-Serving Participating TO.** A Participating TO that (1) is not a UDC, MSS Operator or Scheduling Coordinator serving End-Use Customers and (2) does not have Gross Load in accordance with Section 9 of Schedule 3 of Appendix F of the CAISO Tariff.
- 3.63 Non-Participating TO.** A TO that is not a party to the Transmission Control Agreement or, for the purposes of Section 16.1 of the CAISO Tariff, the holder of transmission service rights under an Existing Contract that is not a Participating TO.
- 3.64 Non-Spinning Reserve.** The portion of resource capacity that is capable of being synchronized and Ramping to a specified load in ten minutes (or that is capable of being interrupted in ten (10) minutes) and that is capable of running (or being

interrupted) for at least thirty (30) minutes from the time it reaches its award capacity.

- 3.65 Operational Control.** The rights of the CAISO under the Transmission Control Agreement and the CAISO Tariff to direct Participating TOs how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting Applicable Reliability Criteria.
- 3.66 Original Participating TO.** A Participating TO that was a Participating TO as of January 1, 2000.
- 3.67 Participating TO or Participating Transmission Owner (PTO).** A Party to the Transmission Control Agreement whose application under Section 2.2 of the Transmission Control Agreement has been accepted and who has placed its transmission assets and Entitlements under the CAISO's Operational Control in accordance with the Transmission Control Agreement. A Participating TO may be an Original Participating TO or a New Participating TO.
- 3.68 Participation Agreement.** An agreement between a Participating TO and a Project Sponsor that specifies the terms and conditions under which the Participating TO will construct a transmission addition or upgrade on behalf of the Project Sponsor.
- 3.69 Physical Scheduling Plant.** A group of two or more related Generating Units, each of which is individually capable of producing Energy, but which either by physical necessity or operational design must be operated as if they were a single Generating Unit and any Generating Unit or Units containing related multiple generating components which meet one or more of the following criteria: (1) multiple generating components are related by a common flow of fuel which cannot be interrupted without substantial loss of efficiency of the combined output of all components; (2) the Energy production from one component necessarily causes Energy production from other components; (3) the operational arrangement of related multiple generating components determines the overall physical efficiency of the combined output of all components; (4) the level of coordination required to schedule individual generating components would cause the CAISO to incur scheduling costs far in excess of the benefits of having scheduled such individual components separately; or (5) metered output is available only for the combined output of related multiple generating components and separate generating component metering is either impractical or economically inefficient.
- 3.70 Project Proponent.** A Market Participant or group of Market Participants that: (1) advocates a transmission addition or upgrade; (2) is unwilling to pay the full cost of the proposed transmission addition and upgrade, and thus is not a Project

Sponsor; and (3) initiates proceedings under the CAISO ADR Procedures to determine the need for the proposed transmission addition or upgrade.

- 3.71 Project Sponsor.** A Market Participant, group of Market Participants, a Participating TO or a project developer who is not a Market Participant or Participating TO that proposes the construction of a transmission addition or upgrade in accordance with Section 24 of the CAISO Tariff.
- 3.72 Regional Transmission Group (“RTO”).** A voluntary organization approved by FERC and composed of transmission owners, transmission users, and other entities, organized to efficiently coordinate the planning, expansion, and use of transmission on a regional and inter-regional basis.
- 3.73 Regulation.** The service provided either by resources certified by the CAISO as equipped and capable of responding to the CAISO’s direct digital control signals, or by System Resources that have been certified by the CAISO as capable of delivering such service to the CAISO Balancing Authority Area, in an upward and downward direction to match, on a Real-Time basis, Demand and resources, consistent with established NERC and WECC reliability standards, including any requirements of the Nuclear Regulatory Commission. Regulation is used to control the operating level of a resource within a prescribed area in response to a change in system frequency, tie line loading, or the relation of these to each other so as to maintain the target system frequency and/or the established Interchange with other Balancing Authority Areas within the predetermined Regulation Limits. Regulation includes both an increase in Energy production by a resource or decrease in Energy consumption by a resource (Regulation Up) and a decrease in Energy production by a resource or increase in Energy consumption by a resource (Regulation Down). Regulation Up and Regulation Down are distinct capacity products, with separately stated requirements and ASMPs in each Settlement Period.
- 3.74 Regulatory Authority.** For the limited purposes of this TO Tariff, FERC is the jurisdictional authority.
- 3.75 Reliability Criteria.** Pre-established criteria that are to be followed in order to maintain desired performance of the CAISO Controlled Grid under Contingency or steady state conditions.
- 3.76 Reliability Network Upgrades.** The transmission facilities at or beyond the Point of Interconnection identified in the Interconnection Studies as necessary to interconnect one or more Large Generating Facility(ies) safely and reliably to the CAISO Controlled Grid, which would not have been necessary but for the Interconnection of one or more Large Generating Facility(ies), including Network Upgrades necessary to remedy short circuit or stability problems, or thermal overloads. Reliability Network Upgrades shall only be deemed necessary for thermal overloads, occurring under any system condition, where such thermal

overloads cannot be adequately mitigated through Congestion Management, Operating Procedures, or Special Protection Systems based on the characteristics of the Large Generating Facilities included in the Interconnection Studies, limitations on market models, systems, or information, or other factors specifically identified in the Interconnection Studies. Reliability Network Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a path's WECC path rating.

- 3.77 Request for Expedited Interconnection Procedures.** A written request by which an applicant for Interconnection can request expedited processing of its interconnection Application.
- 3.78 Scheduling Coordinator ("SC").** An entity certified by the CAISO for the purposes of undertaking the functions specified in Section 4.5.3 of the CAISO Tariff.
- 3.79 Scheduling Point.** A location at which the CAISO Controlled Grid or a transmission facility owned by a Transmission Ownership Right holder is connected, by a group of transmission paths for which a physical, non-simultaneous transmission capacity rating has been established for Congestion Management, to transmission facilities that are outside the CAISO's Operational Control.
- 3.80 Spinning Reserve.** The portion of unloaded synchronized resource capacity that is immediately responsive to system frequency and that is capable of being loaded in ten (10) minutes, and that is capable of running for at least thirty (30) minutes from the time it reaches its award capacity.
- 3.81 System Impact Study.** An engineering study conducted to determine whether a request for Interconnection to the CAISO Controlled Grid would require new transmission additions, upgrades, or other mitigation measures.
- 3.82 System Impact Study Agreement.** An agreement between a Participating TO and an entity that has requested Interconnection to the Participating TO's transmission system pursuant to which the entity requesting Interconnection agrees to reimburse the Participating TO for the cost of performing or reviewing a System Impact Study.
- 3.83 TO Tariff.** This Transmission Owner Tariff, as it may be amended or superseded.
- 3.84 Transition Charge.** The component of the Access Charge collected by the CAISO with the High Voltage Access Charge in accordance with Section 5.7 of Appendix F, Schedule 3 of the CAISO Tariff.

- 3.85 Transmission Control Agreement (“TCA”).** The agreement between the CAISO and Participating TOs establishing the terms and conditions under which TOs will become Participating TOs and how the CAISO and each Participating TO will discharge its respective duties and responsibilities, as may be modified from time to time.
- 3.86 Transmission Interconnection.** The transmission facilities that will physically interconnect the CAISO Controlled Grid with the Valley Electric System at or near the Eldorado Substation, or at such other location as may be mutually agreed by the Parties.
- 3.87 Transmission Owner (“TO”).** An entity owning transmission facilities or having firm contractual rights to use transmission facilities.
- 3.88 Transmission Revenue Balancing Account Adjustment (“TRBA”).** A mechanism established by the Participating TO which will ensure that all Transmission Revenue Credits and other credits specified in Sections 6 and 8 of Appendix F, Schedule 3 of the CAISO Tariff, flow through to CAISO Tariff and TO Tariff transmission customers.
- 3.89 Transmission Revenue Credit.** For an Original Participating TO, the proceeds received from the CAISO for Wheeling service, plus (1) the revenues received from any Local Constrained Resource Interconnection Generator with respect to an Local Constrained Resource Interconnection Facility, unless FERC has approved an alternative mechanism to credit such revenues against the Original Participating TO’s TRR, and (2) the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the CAISO’s rules and protocols, minus any Low Voltage Access Charge amounts paid for the use of the Low Voltage Transmission Facilities of a Non- Load-Serving Participating TO pursuant to Section 26.1 and Appendix F, Schedule 3, Section 13 of the CAISO Tariff. For a New Participating TO during the 10-year TAC Transition Period described in Section 4 of Schedule 3 of Appendix F, the revenues received from the CAISO for Wheeling service and IFM Congestion Credit pursuant to Section 4.3.1.2 of the CAISO Tariff, plus (1) the revenues received from any LCRIG with respect to an LCRIF, unless FERC has approved an alternative mechanism to credit such revenues against the New Participating TO’s TRR, and (2) the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the CAISO’s rules and protocols, minus any Low Voltage Access Charge amounts paid for the use of the Low Voltage Transmission Facilities of a Non-Load-Serving Participating TO pursuant to Section 26.1 and Appendix F, Schedule 3, Section 13 of the CAISO Tariff. After the 10-year TAC Transition Period, the New Participating TO Transmission Revenue Credit shall be calculated the same as the Transmission Revenue Credit for the Original Participating TO.

- 3.90 Transmission Revenue Requirement (“TRR”).** The Transmission Revenue Requirement is the total annual authorized revenue requirements associated with transmission facilities and Entitlements turned over to the Operational Control of the CAISO by the Participating TO. The costs of any transmission facility turned over to the Operational Control of the CAISO shall be fully included in the Participating TO’s Transmission Revenue Requirement. The Transmission Revenue Requirement includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and credits for Standby Transmission Revenue and the transmission revenue expected to be actually received by the Participating TO for Existing Rights and Converted Rights.
- 3.91 Transmission Upgrade.** VEA’s new 230 kV transmission lines and associated facilities that complete the 230 kV transmission loop between the Mead Substation and the Northwest Substation, which is required for reliability of the Valley Electric System, which include the following: (1) the 230 kV transmission facilities running from the Northwest Substation to the point known as Johnnie (approximately 58 miles), (2) the re-energization of the existing transmission facilities running from Johnnie to the Vista Substation at 230 kV (approximately 9 miles), and (3) the 230 kV transmission facilities running between the Vista Substation and the Pahrump Substation (approximately 12 miles).
- 3.92 Uncontrollable Force.** Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities or any other cause beyond the reasonable control of the CAISO or Market Participant which could not be avoided through the exercise of Good Utility Practice.
- 3.93 Utility Distribution Company (“UDC”).** An entity that owns a Distribution System for the delivery of Energy to and from the CAISO Controlled Grid, and that provides regulated retail electric service to Eligible Customers, as well as regulated procurement service to those End-Use Customers who are not yet eligible for direct access, or who choose not to arrange services through another retailer.
- 3.94 VEA.** Valley Electric Association, Inc., a Nevada non-profit cooperative corporation without stock, and/or Valley Electric Transmission Association, LLC, a wholly owned subsidiary of VEA.
- 3.95 Voltage Support.** Services provided by Generating Units or other equipment such as shunt capacitors, static var compensators, or synchronous condensers that are required to maintain established grid voltage criteria. This service is required under normal or System Emergency conditions.
- 3.96 Western Electricity Coordinating Council (“WECC”).** The Western Electricity Coordinating Council or its successor.

- 3.97 Wheeling Access Charge.** The charge assessed by the CAISO that is paid by a Scheduling Coordinator for Wheeling in accordance with Section 26.1 of the CAISO Tariff. Wheeling Access Charges shall not apply for Wheeling under a bundled non-economy Energy coordination agreement of a Participating TO executed prior to July 9, 1996. The Wheeling Access Charge consists of a High Voltage Wheeling Access Charge and a Low Voltage Wheeling Access Charge.
- 3.98 Wheeling Out.** Except for Existing Rights exercised under an Existing Contract in accordance with Section 16.1 of the CAISO Tariff, the use of the CAISO Controlled Grid for the transmission of Energy from a Generating Unit located within the CAISO Controlled Grid (which includes a Pseudo-Tie of a Generating Unit to the CAISO Balancing Authority Area) to serve a Load located outside the transmission and Distribution System of a Participating TO.
- 3.99 Wheeling Through.** Except for Existing Rights exercised under an Existing Contract in accordance with Section 16.1 of the CAISO Tariff, the use of the CAISO Controlled Grid for the transmission of Energy from a resource located outside the CAISO Controlled Grid to serve a Load located outside the transmission and Distribution System of a Participating TO.
- 3.100 Wheeling.** Wheeling Out or Wheeling Through.
- 3.101 Wholesale Customer.** A person wishing to purchase Energy and Ancillary Services at a Bulk Supply Point or a Scheduling Point for resale.

4. **Eligibility.** Transmission service over a Participating TO's system shall be provided only to Eligible Customers.

5. Access Charges and Transmission Rates. The applicable Access Charges are provided in the CAISO Tariff.

- 5.1 Low Voltage Access Charge.** VEA's Low Voltage Access Charge shall be determined in accordance with its Low Voltage TRR and section 26.1 of the CAISO Tariff.
- 5.2 Wheeling Access Charge.** The Wheeling Access Charge shall be determined in accordance with the CAISO Tariff. The Wheeling Access Charge assessed by the CAISO consists of a High Voltage Wheeling Access Charge and, if applicable, a Low Voltage Wheeling Access Charge. The High Voltage Wheeling Access Charge is set forth in the CAISO Tariff.
- 5.3 Transmission Revenue Requirement.** As set forth in the CAISO Tariff, the Transmission Revenue Requirement for each Participating TO is used to develop the Access Charges set forth in the CAISO Tariff and is used by the CAISO to calculate the disbursement of Wheeling revenues among Participating TOs. Wheeling revenues are disbursed by the CAISO to Participating TOs pursuant to Section 26.1.4.3 of the CAISO Tariff. The Transmission Revenue Requirement, High Voltage Transmission Revenue Requirement, and Low Voltage Transmission Revenue Requirement for the Participating TO, to the extent applicable, are set forth in Appendix I of this TO Tariff.
- 5.4 Transmission Expansion.** The Transmission Upgrade, the Transmission Interconnection, and all related facilities shall become part of VEA's High Voltage Transmission Facilities at the time such facilities are turned over to the Operational Control of the CAISO.
- 5.5 Transmission Revenue Balancing Account Adjustment.** The Participating TO shall maintain a Transmission Revenue Balancing Account ("TRBA") with an annual Transmission Revenue Balancing Account Adjustment that will ensure that all Transmission Revenue Credits and adjustments for any over-or under-recovery of its annual Transmission Revenue Requirement, if any, specified in Sections 6 and 8 of Appendix F, Schedule 3 of the CAISO Tariff, flow through to transmission customers. The TRBAA used to calculate the High Voltage Revenue Requirement shall include other adjustments specified in Appendix F, Schedule 3, Sections 6 and 8 of the CAISO Tariff. The TRBAA shall be equal to:

$$\text{TRBAA} = \text{Cr} + \text{Cf} + \text{I}$$

Where:

Cr = The principal balance in the TRBA recorded in FERC Account No. 254 as of September 30 of the year prior to commencement of the January billing cycle. This balance represents the unamortized balance in the TRBA from the previous period and the difference in the amount of revenues or expenditures from Transmission Revenue Credits and any over-or under-recovery of its annual

Transmission Revenue Requirement and the amount of such revenues or expenditures that has been refunded to or collected from customers through operation of the TRBAA;

Cf = The forecast of Transmission Revenue Credits, if any, for the following calendar year;

I = The interest balance for the TRBA, which shall be calculated using the interest rate pursuant to Section 35.19a of FERC's regulations under the Federal Power Act (18 CFR Section 35.19a). Interest shall be calculated based on the average TRBA principal balance each month, compounded quarterly.

6. Ancillary Services.

6.1 Ancillary Services – Applicability and Charges. Ancillary Services are needed to maintain reliability within the CAISO Controlled Grid. If any Ancillary Services are required, VEA will not provide such services directly to the transmission customer and the transmission customer will be required to meet any such requirement in accordance with the CAISO Tariff.

7. Billing and Payment.

7.1 High Voltage Access Charge Revenues. The CAISO, in accordance with the CAISO Tariff, shall pay the Participating TO, among other things, all applicable Access Charge revenues and Wheeling revenues, as applicable, in connection with all high voltage transmission facilities placed under CAISO Operational Control.

7.2 End Users. Users of VEA's High Voltage Transmission Facilities and Entitlements placed under the CAISO's Operational Control shall pay to the CAISO all applicable charges in accordance with the CAISO Tariff.

8. Obligation to Interconnect or Construct Transmission Expansions and Facility Upgrades.

8.1 Participating TO Obligation to Interconnect. The Participating TO shall, at the request of a third party, interconnect its system to the wholesale Generation or Load of such third party, or modify an existing wholesale Interconnection. Interconnections under this TO Tariff shall be available to entities eligible to request Interconnection consistent with the provisions of Section 210(a) of the FPA. The procedures for Interconnection of wholesale Generation to the CAISO Controlled Grid shall be governed by the CAISO Tariff.

8.1.1 Interconnection to Transmission System. Interconnection must be consistent with Good Utility Practice, in conformance with all Applicable Reliability Criteria, all applicable statutes, regulations, and CAISO reliability criteria for the CAISO Controlled Grid. The Participating TO will not accommodate the Interconnection if doing so would impair systems reliability, or would otherwise impair the ability of the Participating TO to honor its Encumbrances existing as of the time an entity submits its Interconnection Application. The Participating TO shall identify any such adverse effect on its Encumbrances in the System Impact Study performed pursuant to Section 10.7 of this TO Tariff. To the extent the Participating TO determines that the Interconnection will have an adverse effect on Encumbrances, the party requesting Interconnection shall mitigate such adverse effect.

8.1.2 Costs Associated with Interconnection. Each party requesting Interconnection shall pay the costs of planning, installing, owning, operating, and maintaining any Direct Assignment Facilities and, if applicable, any Reliability Network Upgrades required to provide the requested Interconnection. In addition, such party shall implement all existing operating procedures necessary to safely and reliability interconnect such party's Generation or wholesale Load to the facilities of the Participating TO and to ensure the CAISO Controlled Grid's conformance with the CAISO Grid Planning Criteria, and shall bear all costs of implementing such operating procedures. Any additional costs associated with accommodating the Interconnection shall be allocated in accordance with the cost responsibility methodology set forth in the CAISO Tariff for transmission expansions or upgrades.

8.1.3 Interconnection Agreement. Pursuant to Section 10.4, 10.7.1, or 10.9.1 of this TO Tariff, a party requesting an Interconnection shall request in writing that the Participating TO tender to such part an Interconnection Agreement that will be filed with FERC, or the Local Regulatory Authority, in the case of a Local Publicly Owned Electric Utility. The Interconnection Agreement will include, without limitation, cost responsibilities and payment provisions for any engineering, equipment,

and construction, ownership, operation and maintenance costs for any Direct Assignment Facilities, any Reliability Network Upgrades, any Delivery Upgrades, if applicable, and for any other mitigation measures. For an Interconnection request to remain a Completed Interconnection Application, the party requesting the Interconnection shall execute the Interconnection Agreement and return it to the Participating TO within thirty (30) Business Days of receipt. Alternatively, if an Eligible Customer requesting the Interconnection requests the Participating TO to file an unexecuted Interconnection Agreement and commits to abide by the terms, conditions, and cost assignments determined to be just and reasonable under the CAISO ADR Procedures, including any determination by FERC or on appeal of a FERC determination in accordance with that process, the Participating TO shall promptly file an unexecuted Interconnection Agreement. Provided, however, that if the CAISO ADR Procedures concerns whether the requesting entity is an Eligible Customer, the Participating TO shall not be obligated to file an unexecuted interconnection Agreement or commence construction of the Interconnection facilities or incur other costs under the Interconnection Agreement until a final order determining the just and reasonable rates, terms, and conditions for such Interconnection Agreement has been issued by the applicable court or regulatory authority. The Interconnection Agreement will set forth a payment schedule that enables the Participating TO to recover its costs. If the applicant elects not to execute the Interconnection Agreement and does not request the Participating TO to file an unexecuted Interconnection Agreement, its Completed Interconnection Agreement shall be deemed withdrawn, and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application not covered by any System Impact Study Agreement or Facility Study Agreement. To maintain its queue position, the applicant must timely comply with the Interconnection requirements of Appendices S and U of the CAISO Tariff, if applicable, and Sections 8.1 and 10 of this TO Tariff. If the applicant fails to timely comply with such Interconnection requirements, such applicant shall pay the reasonable costs of revising the System Impact Studies for other applicants that have established a new queue position due to the applicant either withdrawing its Interconnection Application or because its queue position has been modified pursuant to the queuing provisions in Section 25 of the CAISO Tariff.

8.1.4 Due Diligence to Construct. The participating TO shall use due diligence to construct, within a reasonable time, any Direct Assignment Facilities and any Reliability Network Upgrades that it is obligated to construct pursuant to this TO Tariff and Section 24 of the CAISO Tariff. The Participating TO's obligation to build will be subject to: (1) its ability, after making a good faith effort, to obtain any necessary approvals and property rights under applicable federal, state, and local laws; (2) the

presence of a cost recovery mechanism with cost responsibility assigned to accordance with the CAISO Tariff or applicable FERC precedent; and (3) a signed Interconnection Agreement or a signed Expedited Interconnection Agreement, or, by mutual agreement of the parties, FERC acceptance for filing of an unexecuted Interconnection Agreement.

8.1.5 Energization. The Participating TO shall not be obligated to energize, nor shall the applicant or wholesale load be entitled to have its interconnection to the CAISO Controlled Grid energized, unless and until an Interconnection Agreement has been executed, or filed at FERC pursuant to Section 8.1.3 of this TO Tariff, and becomes effective and such applicant or wholesale Load has demonstrated to the CAISO's reasonable satisfaction that it has complied with all of the requirements of the CAISO Tariff and the requirements of this TO Tariff.

8.1.6 Coordination with CAISO on Interconnection Requests. The Participating TO shall coordinate with the CAISO, pursuant to the provisions of the TCA, in developing interconnection standards and guidelines for processing interconnection request under this TO Tariff.

8.2 Participating TO Obligation to Construct Transmission Expansions or Facility Upgrades. The Participating TO shall be obligated to: (1) perform System Impact or Facility Studies where the Project Sponsor or the CAISO agrees to pay the study cost and specifies the project objectives to be achieved, and (2) build transmission additions and facility upgrades where the Participating TO is obligated to construct or expand facilities in accordance with and subject to the limitations of this TO Tariff and Section 24 of the CAISO Tariff.

8.2.1 Obligation to Construct. A Participating TO shall not be obligated to construct or expand transmission facilities or system upgrades unless and until the conditions stated in Section 9.2.1 of this TO Tariff have been satisfied.

8.3 Request for FERC Deference Regarding Need Determination. It is intended that FERC grant substantial deference to the factual determinations of the CAISO, (including the CAISO's ADR Procedures), the CPUC, WECC, or RTG coordinated planning processes as to the need for or construction of a facility, the need for full cost recovery, and the allocation of costs.

9. Expansion Process.

9.1 Determination of Facilities. A Participating TO shall perform a Facility Study in accordance with this Section where (1) the Participating TO is obligated to construct or expand facilities in accordance with Section 24 of the CAISO Tariff and this TO Tariff; (2) a Market Participant agrees to pay the costs of the Facility Study and specifies the project objectives to be achieved in terms of increased capacity or reduced congestion; or (3) the Participating TO is required to perform a Facility Study pursuant to the CAISO Tariff.

9.1.1 Payment of Facility Study's Cost.

9.1.1.1 Market Participant to Pay for Facility Study. Where a Market Participant requests a Facility Study and the need for the transmission addition or upgrade has not yet been established in accordance with the procedures established herein and the CAISO Tariff, the Market Participant shall pay the cost of the Facility Study.

9.1.1.2 Project Sponsor or Project Proponent to Pay for Facility Study. Where the facilities to be added or upgraded have been determined to be needed in accordance with the procedures established herein, the Project Sponsor, Project Proponent, or the CAISO requesting the study shall pay in advance the reasonable cost of the Facility Study. When the Participating TO is the Project Sponsor in accordance with the CAISO Tariff, the costs of the Facility Study shall be recovered through its Access Charges and transmission rates.

9.1.1.3 Principal Beneficiaries to Pay for Facility Study. Where the facilities to be added or upgraded have been determined to be needed and the principal beneficiaries have been identified by the CAISO or CAISO ADR Procedures in accordance with the CAISO Tariff, the Project Sponsor and the identified principal beneficiaries shall pay the reasonable cost of the Facility Study, in such proportions as may be agreed, or, failing agreement, as determined in accordance with the CAISO ADR Procedures.

9.1.2 Payment Procedure. Where a Facility Study is being conducted pursuant to this TO Tariff, the Participating TO shall, within thirty (30) days of the receipt of all reasonably required information, tender to the Market Participant, Project Sponsor, Project Proponent, CAISO, or identified principal beneficiaries, as the case may be, a Facility Study Agreement that defines the scope, content, assumptions, and terms of reference for such study, the estimated time required to complete it, and such other provisions as the parties may reasonably require and pursuant to which such Market Participant, Project Sponsor, Project Proponent, the CAISO,

or identified principal beneficiaries agree to reimburse the Participating TO the reasonable cost of performing the required Facility Study. If the Market Participant, Project Sponsor, Project Proponent, the CAISO, or identified principal beneficiaries, as the case may be, agree to the terms of the Facility Study Agreement, they shall execute the Facility Study Agreement and return it to the Participating TO within ten Business Days. Alternatively, if the Market Participant, Project Sponsor, Project Proponent, the CAISO, or identified principal beneficiaries, as the case may be, request the Participating TO to proceed with the Facility Study and commit to abide by the terms, conditions, and cost assignments ultimately determined under the CAISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the Facility Study, and the parties shall submit the disputed terms for resolution under the CAISO's ADR Procedures.

9.1.3 Facility Study Procedures. Upon receipt of an executed Facility Study Agreement or alternative request to proceed as provided for in Section 9.1.2 of this TO Tariff, a copy of which has been provided to the CAISO by the party requesting the Facility Study, the Participating TO will use due diligence to complete the required Facility Study within a sixty (60) day period. If the Participating TO is unable to complete the Facility Study in the allotted time period, the Participating TO shall notify the Market Participant 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. If additional time is required, the Participating TO will use best efforts to complete the study within ten (10) months, provided adequate information is provided by all the parties.

9.2 Obligation to Build.

9.2.1 Due Diligence to Construct. The Participating TO shall use due diligence to construct, within a reasonable time, additions or upgrades to its transmission system that it is obligated to construct pursuant to the CAISO Tariff and this TO Tariff. The Participating TO's obligation to build will be subject to: (1) its ability, after making a good faith effort, to obtain the necessary approvals and property rights under applicable federal, state, and local laws; (2) the presence of a cost recovery mechanism with cost responsibility assigned in accordance with the CAISO Tariff; and (3) a signed Participation Agreement. The Participating TO will not construct or expand its existing or planned transmission system, if doing so would impair system reliability as determined through systems analysis based on the Applicable Reliability Criteria.

9.2.2 Delay in Construction or Expansion. If any event occurs that will

materially affect the time for completion of new facilities or the ability to complete them, the Participating TO shall promptly notify: (1) the Project Sponsor with regard to facilities determined to be needed; (2) the Parties to the Participation Agreement with regard to facilities determined to be needed pursuant to the CAISO Tariff where principal beneficiaries were identified; and (3) the CAISO. In such circumstances, the Participating TO shall, within thirty (30) days of notifying such Project Sponsor, Parties to the Participation Agreement, and the CAISO of such delays, convene a technical meeting with such Project Sponsor, Parties to the Participation Agreement, and the CAISO to discuss the circumstances which have arisen and evaluate any options available. The Participating TO also shall make available to such Project Sponsor, Parties to the Participation Agreement, and the CAISO, as the case may be, studies and work papers related to the cause and extent of the delay and the Participating TO's ability to complete the new facilities, including all information that is in the possession of the Participating TO that is reasonably needed to evaluate the alternatives.

9.2.2.1 Alternatives to the Original Facility Additions. If the review process of Section 9.2.2 of this TO Tariff determines that one or more alternatives exist to the originally planned construction project, the Participating TO shall present such alternatives for consideration to the Project Sponsor, Parties to the Participation Agreement, and the CAISO, as the case may be. If upon review of any alternatives, such Project Sponsor, the CAISO, or Parties to the Participation Agreement wish to evaluate or to proceed with one of the alternative additions or upgrades, such Project Sponsor, the CAISO, or Parties to the Participation Agreement may request that the Participating TO prepare a revised Facility Study pursuant to Sections 9.1.1, 9.1.2, and 9.1.3 of this TO Tariff. In the event the Participating TO concludes that no reasonable alternative exists to the originally planned addition or upgrade and the Project Sponsor or Parties to the Participation Agreement or the CAISO disagree, the dispute shall be resolved pursuant to the CAISO ADR Procedure.

9.2.2.2 Refund Obligation for Unfinished Facility Additions. If the Participating TO and the Project Sponsor, the CAISO, or Parties to the Participation Agreement, as the case may be, mutually agree that no other reasonable alternatives exist, the obligation to construct the requested additions or upgrades shall terminate and any deposit not yet applied toward the expended project costs shall be returned with interest pursuant to FERC Regulation 35.19a(a)(2)(iii). However, the Project Sponsor and any identified principal beneficiaries, as the case may be, shall be responsible for all costs prudently incurred by the Participating TO through the time the construction was suspended.

9.3 Provisions Relating To Transmission Construction On the Systems Of Other TOs.

9.3.1 Responsibility for Third Party Additions. A Participating TO shall not be responsible for making arrangements for any 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 Participating TO will undertake reasonable efforts through the coordinated planning process to assist in making such arrangements, including, without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

9.3.2 Coordination of Third-Party System Additions. Where transmission additions or upgrades being built pursuant to the CAISO Tariff require additions or upgrades on other systems, the Participating TO shall coordinate construction on its own system with the construction required by others. The Participating TO, after consultation with the CAISO, the Project Sponsor, and Parties to the Participation Agreement, as the case may be, may defer construction if the new transmission facilities on another system cannot be completed in a timely manner. The Participating TO shall notify such Project Sponsor, Parties to the Participation Agreement, and the CAISO, 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 the new facilities. Within forty (40) Business Days of receiving written notification by the Participating TO of its intent to defer construction pursuant to this section, such Project Sponsor, Parties to the Participation Agreement, or the CAISO may challenge the decision in accordance with the CAISO ADR Procedure.

10. Interconnection Process.

- 10.1 Applicability.** All requests for Interconnection directly to the CAISO Controlled Grid from parties eligible to request such Interconnection consistent with Section 210(a) of the FPA shall be processed pursuant to the provisions of this Section 10. All requests for Interconnection of wholesale Generation directly to the CAISO Controlled Grid shall be processed pursuant to the provisions of the CAISO Tariff.
- 10.2 Applications.** A party requesting Interconnection shall submit a written Interconnection Application which provides the information required in Section 10.3 of this TO Tariff to the Participating TO and shall send a copy of the application to the CAISO. The Participating TO shall timestamp the application to establish study priority.
- 10.3 Interconnection Application.** An Interconnection Application shall provide all the information listed in 18 CFR §2.20, including, but not limited to, the following: (1) the identity, address, telephone number, and facsimile number of the entity requesting interconnection; (2) the Interconnection point(s) to the CAISO Controlled Grid contemplated by the applicant; (3) the resultant (or new) maximum amount of Interconnection capacity contemplated by the applicant; (4) the proposed date for energizing the Interconnection and the term of the Interconnection service; and (5) such other information as the Participating TO reasonably required to process the application. In addition to the information specified above, the following information may also be provided in order to properly evaluate system conditions: (6) if the applicant is a wholesale Load, the electrical location of the source of the Power (if known) to be transmitted pursuant to applicant's request for Interconnection. If the source of the power is not known, a system purchase will be assumed. If the location of the Load is not known, a system sale will be assumed; and, in addition, if an applicant proposes to perform or cause a third party to perform any required System Impact Study or any required Facility Study, it shall so indicate in its Interconnection Application. The results of any study or studies performed by an applicant must be approved by both the CAISO and the Participating TO. Within ten (10) Business Days after receipt of an Interconnection Application, the Participating TO and the CAISO if applicable shall determine whether the application is complete ("Completed Interconnection Agreement"). Whenever possible, the participating TO will attempt to remedy deficiencies in the Interconnection Application through informal communications with the applicant. If such efforts are unsuccessful, the Participating TO shall return the Interconnection Application to the applicant. The Participating TO will treat the information in the Interconnection Agreement, including the applicant's identity, as confidential at the request of the applicant except to the extent that disclosure of the information is required by this TO Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG or CAISO transmission information sharing agreements. The Participating TO

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

10.3.1 Amendment to Completed Interconnection Application. An applicant shall be limited to amending its Completed Interconnection Application only once. Such amendment shall occur on or before ten (10) Business Days following the date the Participating TO tenders any Facility Study Agreement. Specifically, an applicant may submit an amendment to its Completed Interconnection Application to reflect a revised configuration for its New Facility. The amended Completed Interconnection Application shall be treated in accordance with Section 25 of the CAISO Tariff and Section 10.5 of this TO Tariff; the applicant's Completed Interconnection Application shall be deemed withdrawn; and the applicant shall maintain its existing queue position, if (a) the amended Completed Interconnection Application is received by the Participating TO within ten (10) Business Days of the Participating TO's tender of a Facility Study Agreement; and (b) the applicant has not submitted a previous amendment to the Completed Interconnection Application. In the event an applicant amends its Completed Interconnection Application, it will be responsible for any additional study costs that result from that amendment, including costs associated with revisions to studies for other applicants holding later queue positions.

10.4 Review of Completed Interconnection Application. After receiving a Completed Interconnection Application, the Participating TO and the CAISO, if applicable, will determine on a non-discriminatory basis whether a System Impact Study is required. Whenever the Participating TO, and the CAISO, if applicable, determines that a System impact Study is not required and that neither Reliability Network Upgrades nor changes in existing operating procedures are required, the Participating TO shall notify the applicant within fifteen (15) Business Days of the Completed Application Date. If the Interconnection can be accommodated without any Direct Assignment Facilities, then within thirty (30) Business Days of such notice from the Participating TO, the applicant shall request the Participating TO to tender to the applicant an Interconnection Agreement within thirty (30) Business Days of such request. The Participating TO shall tender to the applicant an Interconnection Agreement as provided in Section 8.1.3 of this TO Tariff. If the Participating TO determines upon review of the Completed Interconnection Application, that Direct Assignment Facilities are required, the Participating TO shall tender to the applicant a Facility Study Agreement within twenty (20) Business Days of the Completed Application Date and continue the Interconnection process pursuant to Section 10.8 of this TO Tariff.

10.5 Notice of Need for System Impact Study. If the Participating TO, and the CAISO, if applicable, determines that a System Impact Study is necessary to accommodate the requested Interconnection, the Participating TO shall so

inform the applicant, as soon as practicable. In such cases, the Participating TO shall within twenty (20) Business Days of receipt of a Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions, and terms of reference for such study to be completed by the Participating TO, the estimated time required to complete it, and such other provisions as the parties may reasonably require, and pursuant to which the applicant shall agree to reimburse the Participating TO for the reasonable actual costs of performing the required System Impact Study. Alternatively, if the applicant will perform the System Impact Study, the Participating TO shall within twenty (20) Business Days of receipt of a Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be reviewed by the Participating TO; the estimated time required to complete it; and such other provisions as the parties may reasonably require, and pursuant to which the applicant shall agree to reimburse the Participating TO for the reasonable actual costs of reviewing the required System Impact Study. For an Interconnection request to remain a Completed Interconnection Application, the applicant shall execute the System Impact Study Agreement and return it to the Participating TO within ten (10) Business Days together with payment for the reasonable estimated cost of performing the System Impact Study or reviewing the applicant's System Impact Study. [A description of the Participating TO's transmission assessment practices for completing a System Impact Study shall be provided in the Participating TO's FERC Form 715.] Alternatively, if the applicant requests the participating TO to proceed with the System Impact Study or review thereof and commits to abide by the terms, conditions, and cost assignments ultimately determined under the CAISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the System Impact Study provided that such request is accompanied by payment of the reasonable estimated cost of the System Impact Study, and the parties shall submit the disputed terms for resolution under the CAISO's ADR Procedures. If the applicant elects not to execute a System Impact Study Agreement, and does not request that the Participating TO proceed with the System Impact Study or review thereof, its application shall be deemed withdrawn, and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application.

10.6 Impact Study Cost Reimbursement and Agreement.

10.6.1 Cost Reimbursement. The System Impact Study Agreement shall clearly specify the charge, based on the Participating TO's estimate of the cost and time for completion of the System Impact Study. The charge shall not exceed the reasonable actual cost of the study. In performing the System Impact Study, the Participating TO shall rely, to the extent reasonably practicable, on existing transmission planning studies. The applicant will not be assessed a charge for such existing studies; however, the applicant will be responsible for the reasonable charges associated with any

modifications to existing planning studies that are reasonably necessary to evaluate the impact on the applicant's request.

10.6.2 Multiple Parties. If multiple parties request Interconnection at the same location, the participating TO may conduct a single System Impact Study. The costs of that study shall be pro-rated among the parties requesting Interconnection.

10.7 System Impact Study Procedures. Upon receipt of an executed System Impact Study Agreement or initiation of the CAISO ADR Procedures and receipt of payment for estimated study costs, the Participating TO will use due diligence to either (a) complete the required System Impact Study within a sixty (60) calendar day period or (b) complete its review of an applicant's System Impact Study within thirty (30) calendar days of its receipt of the completed study. The System Impact Study will identify whether any Direct Assignment Facilities or Reliability Network Upgrades are necessary to deliver a New Facility's full output over the CAISO Controlled Grid, or any transmission additions or upgrades are necessary to serve a wholesale Load. The System Impact Study will also identify any adverse impact on Encumbrances existing as of the applicant's Completed Application Date. In the event that the Participating TO is unable to complete the required System Impact Study within such time period, it shall so notify the applicant, in writing, 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 applicant and the CAISO. The Participating TO shall notify the applicant and the CAISO immediately upon completion of the System Impact Study.

10.7.1 Procedures Upon Completion of System Impact Study. Within fifteen (15) Business Days of completion of the System Impact Study or review and approval of an applicant's System Impact Study, the Participating TO shall notify the applicant whether the transmission system will be adequate to accommodate all of a request for Interconnection. If no costs are likely to be incurred for any Direct Assignment Facilities, any Reliability Network Upgrades, or implementing any operating procedures, then within thirty (30) Business Days of receipt of written approval of the applicant's System Impact Study from the Participating TO and the CAISO, the applicant shall request the Participating TO to tender an Interconnection Agreement within thirty (30) Business Days of such request. The Participating TO shall tender to the applicant an Interconnection Agreement as provided in Section 8.1.3 of this TO Tariff. If costs are likely to be incurred to accommodate a request for Interconnection, the Participating TO shall tender to the applicant a Facility Study Agreement pursuant to Section 10.8 of this TO Tariff.

- 10.8 Notice of Need for Facility Study.** If a System Impact Study indicates that additions or upgrades to the CAISO Controlled Grid are needed to satisfy an applicant's request for Interconnection, the Participating TO shall, within fifteen (15) Business Days of the date of the System Impact Study or the completion of review and approval of the applicant's System Impact Study by the Participating TO, tender to the applicant a Facility Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be completed by the Participating TO; the estimated time required to complete the required study; and such other provisions as the parties may reasonably require, and pursuant to which the applicant agrees to reimburse the Participating TO for the reasonable actual costs of performing the required Facility Study. Alternatively, if the applicant will perform the Facility Study, the Participating TO shall within fifteen (15) Business Days of the completion date of the System Impact Study or the completion of review and approval of the applicant's System Impact Study, tender a Facility Study Agreement that defines the scope, content, assumptions, and terms of reference for such study to be reviewed by the Participating TO; the estimated time required to complete the required review; and such other provisions as the parties may reasonably require, and pursuant to which the applicant agrees to reimburse the Participating TO for the reasonable actual costs of reviewing the required Facility Study. For an Interconnection Request to remain a Completed Interconnection Application, the applicant shall execute the Facility Studies Agreement and return it to the Participating TO within ten (10) Business Days together with payment for the reasonable estimated costs of performing the Facility Study or reviewing the applicant's Facility Study. Alternatively, if the applicant requests the Participating TO to proceed with the Facility Study or review thereof and commits to abide by the terms, conditions, and cost assignments ultimately determined under the CAISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the Facility Study provided that such request is accompanied by payment for the reasonable estimated cost of the Facility Study, and the parties shall submit the disputed terms for resolution under the CAISO ADR Procedures. If the applicant elects not to execute a Facility Study Agreement and does not request that the Participating TO proceed with the Facility Study or review thereof, its application shall be deemed withdrawn and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application not covered by the System Impact Study Agreement.
- 10.9 Facility Study Procedures.** Upon receipt of an executed Facility Study Agreement or initiation of the CAISO ADR Procedures and receipt of payment for the estimated study costs, the Participating TO will use due diligence to either (a) complete the required Facility Study within a sixty (60) calendar day period or (b) complete its review of an applicant's Facility Study within thirty (30) calendar days of its receipt of the completed Facility Study. In the event that the

Participating TO is unable to complete the required Facility Study within such time period, it shall so notify the applicant, in writing, 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 Facility Study shall be made available to the applicant.

10.9.1 Execution of Interconnection Agreement. Within thirty (30) Business Days of receipt of the completed Facility Study performed by the Participating TO or receipt of written approval of the applicant's Facility Study from the Participating TO, the applicant shall request the Participating TO to tender an Interconnection Agreement within thirty (30) Business Days of such request. The Participating TO shall tender to the applicant an Interconnection Agreement as provided in Section 8.1.3 of this TO Tariff.

10.10 Partial Interim Service. If the Participating TO determines that there will not be adequate transmission capability to satisfy the full amount requested in a Completed Interconnection Application, the Participating TO nonetheless shall be obligated to offer and provide the portion of the requested Interconnection that can be accommodated without any additional Direct Assignments Facilities or Reliability Network Upgrades. However, the Participating TO shall not be obligated to provide the incremental amount of requested Interconnection that requires such additional facilities or upgrades until such facilities or upgrades have been placed in service.

10.11 Expedited Interconnection Procedures. In lieu of the procedures set forth above, the applicant shall have the option to expedite the processing of its Completed Interconnection Application. In order to exercise this option, the applicant shall submit in writing a Request for Expedited Interconnection Procedures to the Participating TO within ten (10) Business Days after receiving a copy of the System Impact Study for the proposed Interconnection. Within ten (10) Business Days after receiving a Request for Expedited Procedures, the Participating TO shall tender an Expedited Interconnection Agreement that requires the applicant to compensate the Participating TO for all costs reasonably incurred pursuant to the terms of this TO Tariff for processing the Completed Interconnection Application and providing the requested Interconnection. While the Participating TO agrees to provide the applicant with its best estimate of the costs of any needed Direct Assignment Facilities and, if applicable, Reliability Network Upgrades, and such other charges that may be incurred, unless otherwise agreed by the parties, such estimate shall not be binding and the applicant must agree in writing to compensate the Participating TO for all actual Interconnection costs reasonably incurred pursuant to the provisions of this TO Tariff. The applicant shall execute and return such Expedited Interconnection Agreement within ten (10) Business Days of its receipt or the applicant's request for Interconnection will cease to be a Completed Interconnection Application and will be deemed terminated and withdrawn. In that event, the applicant shall

reimburse the Participating TO for all costs reasonably incurred in processing the application not covered by the terms of the System Impact Study Agreement.

11. Uncontrollable Forces and Indemnification.

11.1 Procedures to Follow if Uncontrollable Force Occurs. In the event of the occurrence of an Uncontrollable Force which prevents a Party from performing any of its obligations under this TO Tariff, such Party shall (1) immediately notify the other Parties in writing of the occurrence of such Uncontrollable Force, (2) not be entitled to suspend performance in any greater or longer duration that is required by the Uncontrollable Force, (3) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance hereunder, (4) keep the other Parties apprised of such efforts on a continual basis and (5) provide written notice of the resumption of performance hereunder. Notwithstanding any of the foregoing, the settlement of any strike, lockout, or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the Party to this TO Tariff involved in such strike, lockout, or labor dispute, and the requirement that a Party must use its best efforts to remedy the cause of the Uncontrollable Force and mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts, or labor disputes. No Party will be considered in default as to any obligation under this TO Tariff if prevented from fulfilling the obligation due to the occurrence of an Uncontrollable Force.

11.2 Indemnification. A Market Participant shall at all times indemnify, defend, and save the Participating TO harmless from any and all damages, losses, claims, (including claims and actions relating to injury or to 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 Participating TO's performance of its obligations under this TO Tariff on behalf of a Market Participant, except in cases of negligence or intentional wrongdoing by the Participating TO.

12. Regulatory Filings. Nothing contained herein shall be construed as affecting, in any way, the right of any electric utility (as defined by the Federal Power Act), Participating TO furnishing services in accordance with this TO Tariff, or any tariff and rate schedule which results from or incorporates this TO Tariff, unilaterally to make application to FERC as it deems necessary and appropriate to recover its Transmission Revenue Requirements, or for a change in its rates, including changes in rate methodology, or for a change in designation of transmission facilities to be placed under the CAISO's control, in each case under Section 205 of the FPA and pursuant to the FERC's Rules and Regulations promulgated thereunder. Nothing contained herein shall be construed as affecting in any way the ability of any Eligible Customer receiving services in accordance with this TO Tariff to exercise its rights under the Federal Power Act and pursuant to FERC's rules and regulations promulgated thereunder.

12.1 Open Access. For purposes of the Stranded Cost Recovery available under Order Nos. 888 and 888-A, this Tariff, combined with the CAISO Tariff and wholesale distribution access tariff, if any, shall be considered an open access tariff under FERC Order Nos. 888 and 888-A.

13. Creditworthiness.

- 13.1 UDCs, MSSs, and Scheduling Coordinators Using the Participating TO's Low Voltage Transmission Facilities.** For the purpose of determining the ability of a UDC, MSS, and Scheduling Coordinator to meet its obligations related to service using the Participating TO's Low Voltage Transmission Facilities hereunder where the Participating TO is collecting the Low Voltage Access Charge directly from each UDC, MSS and Scheduling Coordinator, the Participating TO may require reasonable credit review procedures for the UDC, MSS, or Scheduling Coordinator. This review shall be made in accordance with standard commercial practices. In addition, the Participating TO may require the UDC, MSS, or Scheduling Coordinator to provide and maintain in effect during the term of the service, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under this TO Tariff, or an alternative form of security proposed by the UDC, MSS, or Scheduling Coordinator and acceptable to the Participating TO, and consistent with commercial practices established by the Uniform Commercial Code, that protect the Participating TO against the risk of non-payment.
- 13.2 End-Users.** Creditworthiness rules applicable to End-Users shall be pursuant to the then-current rules of the applicable Local Regulatory Authority.

- 14. Disputes.** Except as limited below or as otherwise limited by law, the CAISO ADR Procedures shall apply to all disputes between parties which arise under this TO Tariff or under or in respect of the proposed terms and conditions of a Facility Study Agreement, System Impact Study Agreement or Expedited Interconnection Agreement. The CAISO ADR Procedures set forth in Section 13 of the CAISO Tariff shall not apply to disputes as to whether rates and charges set forth in this TO Tariff (other than charges for studies) are just and reasonable under the FPA.

15. [Reserved]

16. Miscellaneous.

16.1 Notices. Any notice, demand, or request in accordance with this TO Tariff, unless otherwise provided in this TO Tariff, shall be in writing and shall be deemed properly served, given, or made: (i) upon delivery if delivered in person, (ii) five days after deposit in the mail if sent by first class United States mail, postage prepaid, (iii) upon receipt of confirmation by return electronic facsimile if sent by facsimile, or (iv) upon Party at the address set forth in Appendix V of this TO Tariff. Any Party may at any time, by notice to the other Parties, change the designation or address of the person specified in Appendix V of this TO Tariff to receive notice on its behalf. Any notice of a routine character in connection with service under this TO Tariff or in connection with operation of facilities shall be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this TO Tariff.

16.2 Waiver. Any waiver at any time by any Party of its rights with respect to any default under this TO Tariff, or with respect to any other matter arising in connection with this TO Tariff, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this TO Tariff. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

16.3 Confidentiality.

16.3.1 Maintaining Confidentiality If Not for Public Disclosure. The Participating TO shall maintain the confidentiality of all of the documents, data, and information provided to it by any other Party that such Party may designate as confidential, provided, however, that the information will not be held confidential by the receiving Party if (1) the designating Party is required to provide such information for public disclosure pursuant to this TO Tariff or applicable regulatory requirements, or (2) the information becomes available to the public on a non-confidential basis (other than from the receiving Party).

16.3.2 Disclosure of Confidential Information. Notwithstanding anything in this Section 16.3.2 to the contrary, if any Party is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence pursuant to this Section 16.3.2, the Party may disclose such information; provided, however, that as soon as such Party learns of the disclosure requirement and prior to making such disclosure, such Party shall notify the affected Party or Parties of the requirement and the terms thereof. The affected Party or Parties may, at their sole discretion and own costs, direct any challenge to or defense against the disclosure requirement and the disclosing Party shall cooperate with such affected Party or Parties to the maximum extent practicable to minimize the disclosure of the information consistent with applicable law. The

disclosing Party shall cooperate with the affected Parties to obtain proprietary or confidential treatment of confidential information by the person to whom such information is disclosed prior to any such disclosure.

- 16.4 TO Tariff Supersedes Existing Tariffs.** This TO Tariff, together with the CAISO Tariff and wholesale distribution access tariff, if any, supersedes any pre-existing open access transmission tariff of the Participating TO.
- 16.5 Titles.** The captions and headings in this TO Tariff are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the rates, terms, and conditions of this TO Tariff.
- 16.6 Severability.** If any term, covenant, or condition of this TO Tariff or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this TO Tariff and their application shall not be affected thereby but shall remain in force and effect. The Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination, unless a court or governmental agency of competent jurisdiction holds that such provisions are not severable from all other provisions of this TO Tariff.
- 16.7 Preservation of Obligations.** Upon termination of this TO Tariff, all unsatisfied obligations of each Party shall be preserved until satisfied.
- 16.8 Governing Law.** This TO Tariff shall be interpreted, governed by, and construed under the laws of the State of California, without regard to the principles of conflict of laws thereof, or the laws of the United States, as applicable, as if executed and to be performed wholly within the State of California.
- 16.9 Appendices Incorporated.** The several appendices to this TO Tariff, as may be revised from time to time, are attached to this TO Tariff and are incorporated by reference as if fully set forth herein.
- 16.10 Conflict With CAISO Tariff.** If a Market Participant identifies a conflict between the TO Tariff and the CAISO Tariff, the Participating TO and the Market Participant shall make good-faith efforts to resolve the conflict. If the parties are unable to informally resolve that conflict, the Parties may use the CAISO ADR Procedures to resolve it as set forth in Section 14 of this TO Tariff.
- 16.11 Conflicting Operating Instructions.** In the event a Market Participant receives conflicting operating instructions from the CAISO and one or more Participating TO(s), if human safety would not knowingly be jeopardized nor electric facilities subject to damage while the Market Participant seeks to reconcile the conflict

with the appropriate CAISO and Participating TO employees before acting, the Market Participant should attempt a reconciliation. Otherwise, the Market Participant shall adhere to CAISO Tariff Section 4.2 and follow the CAISO's instructions. In no event shall a Market Participant be required to follow operating instructions from the CAISO if following those instructions would knowingly jeopardize human safety.

APPENDIX I Transmission Revenue Requirement and TRBAA

1. The Transmission Revenue Requirement shall be \$15,246,826, which is composed of a Base Transmission Revenue Requirement of \$15,246,826 and a TRBAA of \$0.

2. The High Voltage Transmission Revenue Requirement shall be \$11,607,359, which is composed of a Base Transmission Revenue Requirement for the High Voltage Transmission Facilities of \$11,607,359 and a High Voltage TRBAA of \$0.

3. The Low Voltage Transmission Revenue Requirement shall be \$3,639,467, which is composed of a Base Transmission Revenue Requirement for the Low Voltage Transmission Facilities of \$3,639,467 and a Low Voltage TRBAA of \$0.

4. VEA's gross load consistent with the TRR is 544,970 MWh.

5. The High Voltage Transmission Access Charge will be calculated according to the CAISO Tariff. VEA's Low Voltage Transmission Access Charge will be \$6.68/MWh.

The HVTRBAA and LVTRBAA will be calculated annually consistent with the CAISO Tariff, approved by FERC, and provided to the CAISO.

**Valley Electric Association, Inc.
Transmission Revenue Requirement
Docket No. ER12-___-000**

Index of Exhibits Supporting the Testimony of Harley R. (Rick) Eckert, Jr.

Exhibit	Description
VEA-101	Resume of Harley R. (Rick) Eckert, Jr.
VEA-102	CAISO Board of Governors Decision on Valley Electric Association PTO Application
VEA-103	First Amendment to Transition Agreement
VEA-104	Use and Entitlement Agreement
VEA-105	VEA Board of Directors Resolution Approving VEA's Transmission Revenue Requirement
VEA-106	VEA Application to Become CAISO PTO
VEA-107	Appendix A – VEA Transmission Facilities and Entitlements
VEA-108	Valley Electric Association's Transmission System & Interconnection Points
VEA-109	Valley Electric Association 2011 Annual Report
VEA-110	Valley Electric Association Financial Statement
VEA-111	NNSA Press Release