



July 1, 2014

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Filing of CAISO Service Agreement No. 3061
Docket No. ER14-____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”) submits for filing and acceptance an Approved Project Sponsor Agreement (“APSA”) dated May 14, 2014, between the CAISO, the Pacific Gas & Electric Company (“PG&E”) and MidAmerican Central California Transco, LLC (“MCCT”) (collectively “PG&E/MCCT”).¹ The PG&E/MCCT APSA sets forth the terms under which PG&E/MCCT will construct the Gates-Gregg transmission line (“Gates-Gregg Project”), a transmission project approved through the CAISO’s transmission planning process. The PG&E/MCCT APSA is the second one for which the CAISO has approved a project sponsor through the competitive solicitation process. The CAISO requests that the Commission accept the PG&E/MCCT APSA effective August 31, 2014.

I. Approved Project Sponsor Agreement Development and Background

On May 23, 2014, the CAISO submitted the first APSA for approval by the Commission.² That agreement was with the Imperial Irrigation District (“IID APSA”), the project sponsor selected to finance, construct and own the Imperial Valley Element. As explained in the IID APSA transmittal letter, the PG&E/MCCT APSA is the second of three agreements the ISO has negotiated with project sponsors selected in phase 3 (the competitive solicitation process) of the CAISO’s 2012-2013 transmission planning process.³ The CAISO is working with stakeholders to develop a *pro forma* APSA that

¹ The CAISO submits the APSA pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2012), and Rule 205 of the Commission’s Rules of Practice and Procedure, 18.C.F.R. § 385.205 (2013).

² See Docket No. ER14-2033-000.

³ See transmittal letter, ER14-2033, page2. The third APSA is under negotiation with San Diego Gas & Electric Company (“SDG&E”) for the Sycamore-Penasquitos transmission line.

the ISO will submit for Commission approval in the near future. The ISO will use the *pro forma* APSA as the template agreement for project sponsors, beginning with project sponsors selected in Phase 3 of the 2013-2014 transmission planning process.

By way of background, the CAISO's annual transmission planning process consists of three phases. In phase one, the CAISO identifies study assumptions and develops a study plan.⁴ During phase two, the CAISO identifies the need for reliability-driven, public policy-driven and economic transmission solutions and develops the transmission solutions that most cost effectively and efficiently meet those needs.⁵ These transmission solutions are set forth in a transmission plan approved by the CAISO's Board of Governors at the end of phase 2. The tariff authorizes CAISO management to approve solutions with capital costs of \$50 million or less, and if such solutions are urgently needed, the CAISO may accelerate the competitive solicitation process ahead of other solutions.⁶ During phase 3, the CAISO selects project sponsors for the transmission solutions that are eligible for competitive solicitation.⁷

The Gates-Gregg Project consists of a 230 kV transmission line between PG&E's Gates and Gregg substations. It will have a double circuit design with one side strung, thereby allowing for future growth. During the transmission planning process the CAISO identified the line as a reliability solution that had policy-driven and economic benefits, thus making it subject to the competitive solicitation for the purpose of project sponsor selection. Consistent with tariff and business practice manual procedures and milestones, the CAISO: 1) established a bid window from April 1, 2013, to June 3, 2013 for project sponsor application submittal, 2) received five submittals, and 3) on November 6, 2013, selected the PG&E/MCCT consortium as the approved project sponsor.⁸

Once selected in the competitive solicitation process, approved project sponsors have 120 days to enter into an agreement with the CAISO setting forth the terms and conditions for construction of the transmission solution.⁹ The ISO developed and executed the PG&E/MCCT APSA within that timeframe. As discussed in the next section, this APSA is based on the IID APSA but incorporates some modifications that the ISO will include in the *pro forma* agreement and the SDG&E APSA that the ISO is currently negotiating.

⁴ CAISO tariff § 24.3.

⁵ CAISO tariff § 24.4.

⁶ CAISO tariff § 24.4.10.

⁷ CAISO tariff § 24.5 and subparagraphs.

⁸ See <http://www.caiso.com/Documents/Gates-GreggProject-ProjectSponsorSelectionReport.pdf>

⁹ CAISO tariff § 24.5.3.5

II. The PG&E/MCCT Approved Project Sponsor Agreement

A. Like the IID APSA, the PG&E/MCCT APSA Governs the Relationship between the Approved Project Sponsor and the CAISO before the Transmission Facilities are Turned over to CAISO Operational Control.

The CAISO explained in the IID APSA transmittal letter that although CAISO tariff contains a high level structure for selecting an approved project sponsor and for the selected sponsor to interact with the CAISO, details about project construction and network interconnection vary according to the project. For both non-participating transmission owners and participating transmission owners, the APSA “bridges the gap” between the time the CAISO selects an approved project sponsor and the time the tariff and the transmission control agreement govern the project and the approved project sponsor’s relationship with the CAISO. These same principles hold true for PG&E (a participating transmission owner) and MCCT (a non-participating transmission owner).

Structurally, the PG&E/MCCT APSA follows the IID APSA. The parties to the PG&E/MCCT APSA modified several of the sections to add clarity, address issues unique to PG&E/MCCT, and further refine the IID agreement language. For example, in Section 2, which covers the effective date, term and termination of the agreement, the parties eliminated a reference to filing an unexecuted version of the agreement because it would not be applicable to this type of contractual relationship.

However, Article 3, the section addressing the interaction between the CAISO tariff, the transmission control agreement and the APSA, contains no substantive changes. The approved project sponsors agree to comply with all applicable tariff provisions and the terms of the APSA to the extent that they do not conflict with the tariff; MCCT agrees to become a participating transmission owner and to enter into the transmission control agreement.¹⁰ The parties clarified Section 3.5 to specifically accommodate the PG&E/MCCT situation where one project sponsor is a participating transmission owner and the other is not, but it still provides that once the obligations set forth in the APSA have been completed, the APSA will terminate, with certain exceptions.¹¹

Article 4 introduces a new concept not contained in the IID APSA: the “Interconnecting PTO” which is a defined term added in the PG&E/MCCT APSA. The ISO intends to incorporate this concept into the *pro forma* APSA. Section 4.2 provides

¹⁰ PG&E/MCCT APSA Sections 3.2 and 3.3.

¹¹ The obligations that continue under the PG&E/MCCT APSA after the transmission elements are turned over to CAISO operational control include a requirement in Section 5.2.8 that the approved project sponsor provide final design information and other specifications within 120 days after the project has been turned over to CAISO operational control and a requirement to provide the final cost information to the CAISO within 12 months of turning the project over to CAISO operational control, in accordance with Section 5.2.7.

that the approved project sponsors must seek interconnection service from the Interconnecting PTO, which describes the participating transmission owner that owns transmission facilities to which the Project will interconnect. The parties further clarified the provisions that should be included in any agreement between the approved project sponsors and the Interconnecting PTO.

The parties clarified Section 4.3 to provide that the approved project sponsors will abide by the Interconnecting PTO's interconnection handbook with respect to certain interconnection requirements. Article 6 of the PG&E/MCCT APSA governs facility testing by both the approved project sponsor and the Interconnecting PTO. Because the Interconnecting PTO is not a party to the APSA, the approved project sponsor must provide written approval from the Interconnecting PTO before parallel operations can begin. The CAISO must also approve these arrangements, and the CAISO's approval cannot be unreasonably withheld.¹²

Testing by both the approved project sponsor and the interconnecting participating transmission owner is covered in Article 6, similar to the IID APSA. However, the parties to the PG&E/MCCT APSA removed the obligation that the approved project sponsor bear the costs of testing and modifications. The parties determined that the approved project sponsor and the Interconnection PTO should have responsibility for the testing costs and network modifications on their respective sides of the interconnection because both parties will be able to seek recovery of these costs through their respective transmission revenue requirements. This clarification does not impact the IID APSA.

B. The PG&E/MCCT APSA Contains Project Details, Construction Milestones and a Communications Framework.

Like the IID APSA, Article 5 of the PG&E/MCCT APSA requires the approved project sponsor to provide (1) a detailed construction plan within 120 days from project sponsor selection and, (2) construction status reports every 90 days until the project is energized. This reflects the requirements set forth in CAISO tariff sections 24.6.1-24.6.4. The parties to the PG&E/MCCT agreement modified Article 5 to reflect the new Interconnection PTO definition. Article 5 also sets forth the dates on which PG&E/MCCT must provide project specifications prior to testing and requires that these specifications be compatible with interconnection participating transmission owner specifications. This is consistent with the IID APSA. Article 5 also details the notice and consultation process the CAISO and the participating transmission owner will follow if the project encounters delay, particularly delays that could impact reliability if the project implementation date is delayed beyond the identified need date. The parties have modified Sections 5.5 and 5.6 of the IID APSA, which describes the process to follow in the event of delays, by simplifying some of the language and referring to CAISO tariff provisions. The modifications are not substantive. Also, compared to the IID APSA, the

¹² See Section 6.1.

parties did not substantively modify notice and approval requirements for project design changes.¹³

Article 5 contains a provision in which the approved project sponsor agrees to abide by any binding cost cap or cost containment feature to which it has agreed, as set forth in Appendix E to the agreement.¹⁴ In the PG&E/MCCT APSA, this provision merely reflects the cost estimates contained in the project sponsor application because the project sponsors did not agree to any binding cost cap. In the IID APSA, this provision obligated IID to comply with the cost containment features agreed to the project sponsor application.

Compared to the IID APSA, Section 5.12, which provides details for the transition of generator interconnection requests to the project from the approved project sponsor to CAISO procedures once the facilities are turned over to CAISO operational control, does not contain any substantive changes. Similar to the IID APSA, Section 5.13 of the PG&E/MCCT APSA reflects the parties' agreement that the CAISO is the planning authority for the transmission facilities identified therein from the time these facilities are identified in the transmission planning process through construction and energization. This section provides clarity for non-participating transmission owners who are approved project sponsors, particularly those who own other facilities in neighboring planning regions.

APSA Article 7 pertains to metering responsibilities between the CAISO and the approved project sponsor if the project enlarges the CAISO's balancing authority area. This article is not needed for PG&E/MCCT APSA and, as such, it has been eliminated. Article 8 outlines communication requirements between the CAISO, the approved project sponsor and the Interconnection PTO. Article 9 covers start-up obligations. The PG&E/MCCT APSA does not contain any substantive changes made to these provisions.

C. The PG&E/MCCT APSA has not Modified MCCT's Transmission Revenue Requirement Rights and Obligations.

Article 11 provides that the approved project sponsor may seek Commission approval of a transmission revenue requirement before the transmission facilities become operational. If approved, the CAISO will collect that revenue requirement through the regional access charge. Importantly, the approved project sponsor, whether or not subject to Commission rate jurisdiction, agrees to abide by the CAISO tariff with regard to all refunds, transmission revenue requirement adjustments, and other transmission owner tariff adjustments. Such adjustments include payments over- or under-collected during periods prior to project completion, even if the approved

¹³ See Section 5.11.

¹⁴ See Section 5.2.6.

project sponsor later abandons the project.¹⁵ Article 11 of the PG&E/MCCT APSA is consistent with the IID APSA and applies to MCCT.

III. Effective Date

The CAISO requests that the PG&E/MCCT APSA be made effective on *** 2014. The parties are working cooperatively together on the project so that PG&E/MCCT can proceed with environmental permitting and other requirements on a timely basis to meet the expected online date of May 2020.

IV. Service

The CAISO has served copies of this filing upon all parties to Docket No. ER14-1206-000, the California Public Utilities Commission, and the California Energy Commission. The CAISO has also posted the filing on the CAISO website.

Enclosed for filing is each of the following:

- (1) This letter of transmittal; and
- (2) Approved Project Sponsor Agreement (Attachment A).

V. Correspondence

The CAISO requests that all correspondence, pleadings, and other communications concerning this filing be served upon the following:

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18 C.F.R. § 203(b)(3).

¹⁵ See Section 11.3.

VI. Conclusion

The CAISO respectfully requests that the Commission accept this filing and permit the APSA to be effective August 31, 2014. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

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Attachment A – Approved Project Sponsor Agreement

California Independent System Operator Corporation

July 1, 2014

**APPROVED PROJECT SPONSOR AGREEMENT (APSA)
AMONG**

PACIFIC GAS and ELECTRIC COMPANY

AND

MIDAMERICAN CENTRAL CALIFORNIA TRANSCO, LLC

AND

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION**

PROJECT: GATES-GREGG TRANSMISSION LINE

TABLE OF CONTENTS

ARTICLE 1. DEFINITIONS	2
ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION.....	6
ARTICLE 3. REGULATORY FILINGS AND CAISO TARIFF COMPLIANCE	6
ARTICLE 4. SCOPE OF SERVICE	7
ARTICLE 5. FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION	8
ARTICLE 6. TESTING AND INSPECTION	14
ARTICLE 7. METERING	14
ARTICLE 8. COMMUNICATIONS.....	14
ARTICLE 9. OPERATIONS.....	15
ARTICLE 10. PERFORMANCE OBLIGATION.....	16
ARTICLE 11. BILLING AND PAYMENT.....	16
ARTICLE 12. REGULATORY REQUIREMENTS AND GOVERNING LAWS	16
ARTICLE 13. NOTICES	17
ARTICLE 14. FORCE MAJEURE.....	18
ARTICLE 15. DEFAULT.....	18
ARTICLE 16. INDEMNITY AND CONSEQUENTIAL DAMAGES.....	19
ARTICLE 17. ASSIGNMENT.....	20
ARTICLE 18. SEVERABILITY.....	21
ARTICLE 19. COMPARABILITY	21
ARTICLE 20. CONFIDENTIALITY	21
ARTICLE 21. ENVIRONMENTAL RELEASES.....	25
ARTICLE 22. INFORMATION ACCESS AND AUDIT RIGHTS.....	25
ARTICLE 23. SUBCONTRACTORS	26
ARTICLE 24. DISPUTES	27
ARTICLE 25. REPRESENTATIONS, WARRANTIES AND COVENANTS	28
ARTICLE 26. MISCELLANEOUS.....	29

APPENDICES

- Appendix A Interconnection Facilities, Network Upgrades and Distribution Upgrades
- Appendix B Milestones
- Appendix C Security Arrangements Details
- Appendix D Addresses for Delivery of Notices and Billings
- Appendix E Approved Project Sponsors' Costs of Project

APPROVED PROJECT SPONSOR AGREEMENT**PACIFIC GAS and ELECTRIC COMPANY AND****MIDAMERICAN CENTRAL CALIFORNIA TRANSCO, LLC AND****CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

THIS APPROVED PROJECT SPONSOR AGREEMENT ("APSA") is made and entered into this 14 day of May, 2014, among Pacific Gas and Electric Company ("Approved Project Sponsor" or "PG&E"), organized and existing under the laws of the State of California, and MidAmerican Central California Transco, LLC ("Approved Project Sponsor" or "MidAmerican"), organized and existing under the laws of the State of Delaware (collectively the "Approved Project Sponsors"), and the California Independent System Operator Corporation, a California nonprofit public benefit corporation organized and existing under the laws of the State of California ("CAISO"). Approved Project Sponsor and CAISO each may be referred to as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, CAISO exercises Operational Control over the CAISO Controlled Grid; and

WHEREAS, Approved Project Sponsors intends to construct, finance and own the Gates-Gregg Transmission Line Project ("Project") consisting of transmission additions or upgrades identified in Appendix A to this APSA; and

WHEREAS, each Approved Project Sponsor has 50% ownership in the Project until the Project is completed; and

WHEREAS, each Approved Project Sponsor intends to lease 12.5% of their ownership share in the Project to a third party upon completion of the Project; and

WHEREAS, the Parties agree that, upon energization of the Project, the Approved Project Sponsors are either already a Participating Transmission Owner ("Participating TO") or will enter into the Transmission Control Agreement to become a Participating TO and will turn the Project over to the Operational Control of the CAISO; and

WHEREAS, the Parties recognize that the Approved Project Sponsors have certain rights and obligations related to the Project that arise prior to the date upon which MidAmerican becomes a Participating TO and which may remain in effect for a discrete period of time after both the Approved Project Sponsors turn over Operational Control to the CAISO in accordance with the Transmission Control Agreement; and

WHEREAS, Approved Project Sponsors and CAISO thus have agreed to enter into this APSA for the purpose of identifying rights and obligations associated with the Project that arise prior to the date upon which the Project is turned over to CAISO Operational Control.

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

When used in this APSA, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used, or shall be as defined in CAISO tariff Appendix A.

ARTICLE 1. DEFINITIONS

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

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the Western Electricity Coordinating Council or its successor.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Balancing Authority Area of the Interconnecting PTO's Transmission System to which the Project is directly connected, including requirements adopted pursuant to Section 215 of the Federal Power Act.

Balancing Authority shall mean the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

Balancing Authority Area shall mean the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

Breach shall mean the failure of a Party to perform or observe any material term or condition of this APSA.

Breaching Party shall mean a Party that is in Breach of this APSA.

Business Day shall mean Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.

CAISO Controlled Grid shall mean the system of transmission lines and associated facilities of the parties to the Transmission Control Agreements that have been placed under the CAISO's Operational Control.

CAISO Tariff shall mean the CAISO's tariff, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Calendar Day shall mean any day including Saturday, Sunday or a federal holiday.

Commercial Operation Date of the Project shall mean the date on which the Project commences Commercial Operation as agreed to by the Interconnecting PTOs, the CAISO, and the Approved Project Sponsors in writing.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise, subject to Article 20.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 15 of this APSA.

Effective Date shall mean the date on which this APSA becomes effective upon execution by all Parties subject to acceptance by FERC.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, earthquake, explosion, breakage or accident to machinery or equipment, or any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the

relevant time period, or any of the practices, methods and acts 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 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.

Governmental Authority shall mean any federal, state, local or other governmental, regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Approved Project Sponsors, CAISO, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “radioactive substances,” “contaminants,” “pollutants,” “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Interconnection Facilities shall mean the Interconnecting PTO’s Interconnection Facilities and the Approved Project Sponsor’s Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Project and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Project to the Interconnecting PTO’s Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, or Network Upgrades.

Interconnection Handbook shall mean a handbook, developed by the Interconnecting PTO and posted on the Interconnecting PTO’s web site or otherwise made available by the Interconnecting PTO, describing technical and operational requirements for controls and protection equipment for transmission connected to the Interconnecting PTO’s portion of the CAISO Controlled Grid, as such handbook may be modified or superseded from time to time. Interconnecting PTO’s standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice. If a conflict exists between the Interconnecting PTO’s standards contained in the Interconnection Handbook and Applicable Reliability Standards, the Applicable Reliability Standards shall control and be deemed consistent with Good Utility Practice.

Interconnecting PTO shall mean a Participating TO that owns transmission facilities to which the Project will interconnect.

Interconnection Service shall mean the service defined in Article 4.2 of this Agreement.

Loss shall mean any and all damages, losses, and claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties.

Metering Equipment shall mean all metering equipment installed or to be installed for measuring the Balancing Authority Area boundary pursuant to this APSA at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Corporation or its successor organization.

Operational Control shall mean the rights of the CAISO under the Transmission Control Agreement and the CAISO Tariff to direct the parties to the Transmission Control Agreement 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.

Party or Parties shall mean the CAISO, Approved Project Sponsors or the applicable combination of the above.

Project shall mean the transmission additions or upgrades the Approved Project Sponsors have agreed to construct, finance and own pursuant to this APSA.

Point of Interconnection shall mean the point, as set forth in Appendix A to this APSA, where the Interconnection Facilities connect to the Interconnecting PTO's Transmission System.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under this APSA, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, that protects (1) the Interconnecting PTO's Transmission System, Interconnecting PTO's Interconnection Facilities, CAISO Controlled Grid, and Affected Systems from faults or other electrical disturbances and

(2) the Approved Project Sponsors' Transmission System from faults or other electrical system disturbances occurring on the CAISO Controlled Grid, Interconnecting PTO's Interconnection Facilities, and Affected Systems or on other delivery systems or other generating systems to which the CAISO Controlled Grid is directly connected.

Transmission Control Agreement shall mean CAISO FERC Electric Tariff No. 7.

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

- 2.1 Effective Date.** This APSA shall become effective upon execution by all Parties subject to acceptance by FERC. The CAISO shall promptly file this APSA with FERC upon execution in accordance with Article 3.1.
- 2.2 Term of Agreement.** Subject to the provisions of Article 2.3, this APSA shall remain in effect until all terms and condition of this Agreement have been fulfilled or default by the Approved Project Sponsors.
- 2.3 Termination Procedures.**
- 2.3.1 Written Notice.** This APSA may be terminated by the Approved Project Sponsors after giving the CAISO ninety (90) Calendar Days advance written notice, or by the CAISO notifying FERC after the transmission additions or upgrades have been turned over to CAISO Operational Control.
- 2.3.2 Default.** A Party may terminate this APSA in accordance with Article 15.
- 2.3.3** Notwithstanding Articles 2.3.1 and 2.3.2, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination and if applicable, FERC has accepted the notice of termination.

ARTICLE 3. REGULATORY FILINGS AND CAISO TARIFF COMPLIANCE

- 3.1 Filing.** The CAISO shall file this APSA (and any amendment hereto) with the appropriate Governmental Authority. The Approved Project Sponsors may request that any information so provided be subject to the confidentiality provisions of Article 20. If the Approved Project Sponsors have executed this APSA, or any amendment thereto, the Approved Project Sponsors shall reasonably cooperate with CAISO with respect to such filing and to provide any information reasonably requested by CAISO needed to comply with applicable regulatory requirements.
- 3.2 Agreement Subject to CAISO Tariff.** The Approved Project Sponsor will comply with all applicable provisions of the CAISO Tariff.

- 3.3 Relationship Between this APSA and the CAISO Tariff.** With regard to rights and obligations between the Approved Project Sponsors, if and to the extent a matter is specifically addressed by a provision of this APSA (including any appendices, schedules or other attachments to this APSA), the provisions of this APSA shall govern. If and to the extent a provision of this APSA is inconsistent with the CAISO Tariff and dictates rights and obligations between the CAISO and the Approved Project Sponsors, the CAISO Tariff shall govern.
- 3.4. Requirement to Become a Participating TO.** The Approved Project Sponsors agree that the Project, once complete, will be under CAISO Operational Control, and MidAmerican will meet the CAISO tariff requirements to become Participating TOs in accordance with Section 4.3 of the CAISO Tariff.
- 3.5 Relationship Between this APSA and the Transmission Control Agreement.** Once MidAmerican has entered into the Transmission Control Agreement, if and to the extent a matter specifically addressed in this APSA is inconsistent with the Transmission Control Agreement, the terms of the Transmission Control Agreement shall govern. Once the parties have fulfilled their respective rights and obligations under the APSA are completed, the APSA will terminate and the CAISO will file a termination notice with FERC.

ARTICLE 4. SCOPE OF SERVICE

- 4.1 Transmission Additions or Upgrades.** The Approved Project Sponsors shall build and connect to the CAISO Controlled Grid the Project identified in Appendix A.
- 4.2 Interconnection Service.** Interconnection Service allows the Approved Project Sponsors to connect the Project to the CAISO Controlled Grid. If applicable, the Approved Project Sponsors separately must seek Interconnection Service from the Interconnecting PTO to whose facilities the project will interconnect. It is the CAISO's intention that the obligations in the APSA with respect to the Interconnecting PTO, including but not limited to Articles 5.2, 6, and 8, will be included in the Interconnection Service agreement or some other agreement between the Approved Project Sponsors and the Interconnecting PTO.
- 4.3 Approved Project Sponsor to Meet Requirements of the Interconnecting PTO's Interconnection Handbook.** If applicable, the Approved Project Sponsors shall comply with the Interconnecting PTO's Interconnection Handbook for any such interconnections.
- 4.4 Performance Standards.** Each Party shall perform all of its obligations under this APSA in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this APSA for its

compliance therewith. If such Party is the CAISO, then the CAISO shall amend the APSA and submit the amendment to FERC for approval.

ARTICLE 5. FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

- 5.1 General.** Interconnection Facilities and Network Upgrades described in this APSA shall be constructed pursuant to Good Utility Practice and shall be based on the assumed accuracy and completeness of all technical information received by the CAISO from the Approved Project Sponsors, and by the Approved Project Sponsors from any Interconnecting PTO providing Interconnection Service. Changes to the Interconnection Facilities and Network Upgrades described in this APSA must be approved by the CAISO in accordance with Article 5.11 of this Agreement. Unless otherwise mutually agreed among the Parties, the Approved Project Sponsors shall select the testing date, and the energization date for the Project shall be consistent with the application approved by the CAISO. Such dates shall be set forth in Appendix B, Milestones.
- 5.2 Conditions Applicable.** The Approved Project Sponsors shall comply with all requirements of law and assume responsibility for the design, procurement and construction of the Project using Good Utility Practice and the standards and specifications provided by the Interconnecting PTO that the Project is interconnected to, if applicable.
- 5.2.1** The CAISO may, at its option, review the engineering design, equipment acceptance tests, and the construction of the Project;
- 5.2.2** Prior to commencement of construction, the Approved Project Sponsors shall provide to the CAISO for informational purposes, a schedule for construction of the Interconnecting PTO's Interconnection Facilities;
- 5.2.3** At any time during construction, should any phase of the engineering, equipment procurement, or construction of the controls and protection equipment for the Project and Interconnection Facilities not meet the standards and specifications provided by the Interconnecting PTO, the Approved Project Sponsors shall be obligated to remedy deficiencies in that portion of the Project;
- 5.2.4** The Approved Project Sponsors shall indemnify the CAISO for claims arising from the Approved Project Sponsors' construction of the Project under the terms and procedures applicable to Article 16.1 Indemnity;
- 5.2.5** The Approved Project Sponsors shall transfer Operational Control of the Project to the CAISO upon completion of the Project;
- 5.2.6** The Approved Project Sponsors agree with the cost estimates included in Appendix E. The estimate is based upon assumptions listed in the bid

submittal and summarized in Appendix A. It excludes cost escalation, contingency funds, substation costs, and unforeseen conditions such as the need to underground portions of the line or to implement unanticipated environmental mitigation measures.

5.2.7 As soon as reasonably practicable, but within twelve months after completion of the construction of the Project, the Approved Project Sponsors shall provide summary of the final cost of the construction of the Project, which summary shall set forth such costs in sufficient detail to enable the CAISO to understand the cost of the Project, including use of contingency and any cost overruns; and

5.2.8 The Approved Project Sponsors shall deliver to the CAISO “as-built” drawings, information, and any other documents that are reasonably required by the CAISO to assure that the Project is built to the required standards and specifications.

5.3 Construction Commencement. The Approved Project Sponsors shall commence construction of the Project for which it is responsible as soon as practicable after the following additional conditions are satisfied by each party:

5.3.1 Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval; and

5.3.2 Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of the Project.

5.4 Work Progress. The Approved Project Sponsors will keep the CAISO advised monthly as to the progress of the financing, procurement and construction efforts, which can be via email or verbal discussion as agreed upon by the parties.

5.4.1 The Approved Project Sponsors shall provide the CAISO with the Initial Construction Plan by March 28, 2014. The plan shall include: land acquisition and permits requirements, status and schedule; materials procurement requirements, status and schedule; construction financing status and schedule; and Project contacts, if different than selection process.

5.4.2 Every 90 calendar days after the Initial Construction Plan is received until the Project is energized and under CAISO Operational Control, the Approved Project Sponsors shall provide the CAISO with a Construction Plan Status Report which shall include, but is not limited to: Project schedule; permit and license status – environmental, state, local; right-of-way status, if required; land acquisition status, if required; design and engineering status; concern with or change in ability to meet design specifications; status of contracts for project work, including land,

procurement, staffing; Interconnecting PTO interconnection agreement status; construction status; testing status; risks and obstacles; and Project budget including actuals, estimate to complete, and contingency. The format for the report will be in accordance with the Business Practice Manual on Transmission Planning Process.

5.4.3 The CAISO will send Project status reports received in accordance with Section 5.4.2 to the Interconnecting PTO(s) and then the CAISO will hold a call with the Interconnecting PTO(s) to review the status report, including completion date and items of concern.

5.4.4 If, at any time, the Approved Project Sponsors determine that the completion of the Interconnecting PTO's Interconnection Facilities will not be required until after the specified energization date, the Approved Project Sponsors will provide written notice to the Interconnecting PTO and CAISO of such later date upon which the completion of the Interconnecting PTO's Interconnection Facilities will be required.

5.5 Delay in Project. As soon as the CAISO has received notification from the Approved Project Sponsors of delay in Project energization beyond the date upon which the project was found to be needed, the CAISO shall issue a market notice required under Section 24.6.2 of the CAISO Tariff.

5.5.1 The CAISO shall determine if there is a potential NERC violation, for either the CAISO or Interconnecting PTO(s), arising from the Project energization delay and will determine if there are other material issues of concern as required under Section 24.6.3 of the CAISO Tariff. If there are potential violations or material issues, the CAISO, Approved Project Sponsors and Interconnecting PTO(s) shall develop a plan to address the delay. The plan could include the CAISO directing the Interconnecting PTO to develop mitigation plans.

5.5.2 If violations or material issues cannot be promptly and adequately addressed, CAISO will take action, including determine if alternate project sponsor required.

5.6 Delay in Approvals, Property Acquisition or Construction. Should the Project construction timelines, set forth in Appendix B (milestones) be unreasonably delayed, or the Approved Project Sponsors cannot secure necessary approvals or property rights, including but not limited to fee title, right of way grant, easement and license rights essential for construction of the Project, or are otherwise unable to construct the Project, the CAISO may take such action as it reasonably considers appropriate to facilitate the development and evaluation of an alternative solution under Section 24.6.4 of the CAISO Tariff. The CAISO shall consult with the Approved Project Sponsors, and, after such consultation, should the CAISO determine that (i) the Approved Project

Sponsors cannot secure necessary approvals or property rights or is otherwise unable to construct the Project; or (ii) an alternative Project Sponsor is necessary pursuant to Section 24.6.4 of the CAISO Tariff; or, alternatively if the Approved Project Sponsors determine that they are unable to proceed with construction and so notifies the CAISO, the CAISO shall take appropriate and necessary action, including termination of this agreement. If either Party determines that a new Approved Project Sponsor should be selected, the Approved Project Sponsors agree to work with CAISO, the new Approved Project Sponsor, and, if applicable, the Interconnecting PTO(s) to transition the Project.

5.7 Information Exchange. As soon as reasonably practicable after the Effective Date, the Approved Project Sponsors shall provide information to the CAISO regarding the design and compatibility of the Approved Project Sponsors' Project and Interconnecting PTO's Interconnection Facilities and compatibility of the Interconnection Facilities with the Approved Project Sponsors' Project, and shall work diligently and in good faith to make any necessary design changes to the description of the Project set forth in Appendix A.

5.8 Approved Project Sponsor's Project. The Approved Project Sponsors shall, at their expense, design, procure, construct, own and install the Project, as set forth in Appendix A.

5.8.1 Approved Project Sponsor's Project Specifications. The Approved Project Sponsors shall submit necessary specifications for the Project, including System Protection Facilities, to the CAISO at least one hundred eighty (180) Calendar Days prior to the date that testing will commence; and final specifications for review and comment at least ninety (90) Calendar Days prior to the date testing will commence. The CAISO shall review such specifications pursuant to this APSA to ensure that the Project is compatible with the technical specifications, operational control, safety requirements, and any other applicable requirements of the Interconnecting PTO and the CAISO and comment on such specifications within thirty (30) Calendar Days of the Approved Project Sponsors' submission. All specifications provided hereunder shall be deemed confidential.

5.8.2 Interconnecting PTO's and CAISO's Review. The Interconnecting PTO's and CAISO's review of the Approved Project Sponsors' final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Project or the Interconnecting PTO's Interconnection Facilities, if applicable. As described in Section 5.8 above, Approved Project Sponsors shall make such changes to the Approved Project Sponsors' Project as may reasonably be required by the Interconnecting PTO or the CAISO, in accordance with Good Utility Practice, to ensure that the Approved Project Sponsors' Project is compatible with the technical

specifications, Operational Control, and safety requirements of the Interconnecting PTO or the CAISO.

5.8.3 Approved Project Sponsor's Project Construction. The Approved Project Sponsors' Project shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Project has been turned over to CAISO Operational Control, unless the CAISO and Approved Project Sponsor agree on another mutually acceptable deadline, the Approved Project Sponsor shall deliver to the Interconnecting PTO and CAISO "as-built" drawings, information and documents for the Approved Project Sponsors' Project, such as: a one-line diagram, a site plan drawing showing the Approved Project Sponsors' Project including Interconnection Facilities, plan and elevation drawings showing the layout of the Approved Project Sponsors' Interconnection Facilities, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with the Approved Project Sponsors' Project, and, if applicable, the impedances (determined by factory tests) for the associated transformers. The Approved Project Sponsors shall provide the Interconnecting PTO and the CAISO specifications for the protection settings, transformer tap settings, and communications, if applicable. Any deviations from the relay settings, machine specifications, and other specifications originally submitted by the Approved Project Sponsors shall be assessed by the Interconnecting PTO and the CAISO pursuant to the appropriate provisions of this APSA.

5.9 Permits. Approved Project Sponsors shall obtain all permits, licenses and authorization that are necessary to accomplish the Project in compliance with Applicable Laws and Regulations.

5.10 Tax Status. Each Party shall cooperate with the others to maintain the other Parties' tax status. Nothing in this APSA is intended to adversely affect the CAISO's or any Participating TO's tax exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

5.11 Modification.

5.11.1 General. The Approved Project Sponsors may undertake modifications to its facilities, subject to the provisions of this APSA and the CAISO Tariff. If the Approved Project Sponsors plans to undertake a modification then sufficient information regarding such modification shall be provided to the CAISO so that the CAISO may evaluate the potential impact of such modification prior to commencement of the work. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications, any technical information and cost impact. The Approved Project Sponsors shall provide the relevant

drawings, plans, and specifications to the CAISO at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed. The CAISO shall determine if a modification is in accordance with the original Project criteria and intent and therefore can be approved.

5.11.2 Standards. Any additions, modifications, or replacements made to the Project's facilities shall be designed, constructed and operated in accordance with this APSA and Good Utility Practice.

5.12 Interconnection Study Process.

5.12.1 Existing Study Requests. The Approved Project Sponsor shall complete any existing studies for interconnection to the Project that were in the Approved Project Sponsors' queue, if applicable, upon the effective date of this APSA, and CAISO and the Interconnecting PTO will perform studies as an Affected System.

5.12.2 Future Study Requests. Any future interconnection requests submitted to the Approved Project Sponsors for the Project, following the execution date of this APSA, shall be directed to the CAISO Interconnection Queue process. Approved Project Sponsors will assume the functions of a Participating TO in accordance with Appendix DD of the CAISO Tariff, including performing Phase I, Phase II, and reassessment analysis for generator interconnection requests to the Project. The Approved Project Sponsors will be reimbursed actual costs incurred for the analysis similar to the Participating TOs.

5.12.3 Generator Interconnection Agreements. Any Generator Interconnection Agreements for the Project will be executed consistent with the relevant terms and conditions of CAISO Tariff.

5.13 Planning Authority. The CAISO is the Planning Authority, as that term is defined by NERC, for the Project from the time it is identified in the CAISO's Transmission Planning Process and approved by the CAISO Board of Governors, regardless of the status of Project construction or energization. As such, the Approved Project Sponsors shall be subject to the rights and obligations set forth in CAISO Tariff Section 24 that are applicable to Participating TOs as they pertain to the Project.

ARTICLE 6. TESTING AND INSPECTION

- 6.1 Pre-Commercial Operation Date Testing and Modifications.** Prior to energizing the Project for testing, the Interconnecting PTO shall test the Interconnecting PTO's Interconnection Facilities and the Approved Project Sponsors shall test the Project to ensure their safe and reliable operation. All testing shall be coordinated and approved by the CAISO to ensure grid reliability. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. The Approved Project Sponsors shall not commence initial parallel operation of the Project until the Interconnecting PTO provides prior written approval to the CAISO and Approved Project Sponsor, which approval shall not be unreasonably withheld.
- 6.2 Right to Observe Testing.** The Approved Project Sponsors shall notify the CAISO at least fourteen (14) Calendar Days in advance of its performance of tests. The CAISO has the right, at its own expense, to observe such testing.
- 6.3 Right to Inspect.** The CAISO shall have the right, but shall have no obligation to: (i) observe the Approved Project Sponsors' tests and/or inspection of any of its System Protection Facilities and other protective equipment; and (ii) review the settings of the Approved Project Sponsors' System Protection Facilities and other protective equipment. The CAISO may exercise these rights from time to time as it deems necessary upon reasonable notice to the Approved Project Sponsors. The exercise or non-exercise by CAISO of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Project or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that CAISO obtains through the exercise of any of its rights under this Article 6.3 shall be deemed to be Confidential Information and treated pursuant to Article 20 of this APSA.

ARTICLE 7. METERING

This section is intentionally left blank.

ARTICLE 8. COMMUNICATIONS

- 8.1 Approved Project Sponsors Obligations.** The Approved Project Sponsors shall maintain satisfactory operating communications with the CAISO in accordance with the provisions of the CAISO Tariff and dispatchers or representatives designated by the Interconnecting PTO during synchronization, testing and energization. The Approved Project Sponsors shall provide standard voice line, dedicated voice line and facsimile communications at the Project's control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public

telephone system. The Approved Project Sponsors shall also provide the dedicated data circuit(s) necessary to provide Approved Project Sponsors data to the CAISO and the Interconnecting PTO(s) as set forth in Appendix C, Security Arrangements Details. The data circuit(s) shall extend from the Project to the location(s) specified by the CAISO and the Interconnecting PTO(s). Any required maintenance of such communications equipment shall be performed by the Approved Project Sponsors. Operational communications shall be activated and maintained under, but not limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns and equipment clearances.

ARTICLE 9. OPERATIONS

- 9.1 General.** Each Party shall comply with Applicable Reliability Standards and the Applicable Reliability Council requirements. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to comply with Applicable Laws and Regulations and Applicable Reliability Standards.
- 9.2 CAISO Obligations.** The CAISO shall cause the Interconnecting PTO's Transmission System to be operated and controlled in a safe and reliable manner during testing and synchronization, and before the Approved Project Sponsors turn the Project over to CAISO Operational Control. The CAISO may provide operating instructions to the Approved Project Sponsors consistent with this APSA and Interconnecting PTO and CAISO operating protocols and procedures as they may change from time to time. The Interconnecting PTO and CAISO will consider changes to their operating protocols and procedures proposed by the Approved Project Sponsors.
- 9.3 Approved Project Sponsors Obligations.** The Approved Project Sponsors shall at their own expense operate, maintain and control the Project in a safe and reliable manner and in accordance with this APSA in advance of turning over Operational Control to the CAISO and in accordance with the Transmission Control Agreement once the Project has been turned over to CAISO Operational Control. Appendix A, Project Details sets forth applicable requirements of the CAISO Balancing Authority Area and may be modified to reflect changes to the requirements as they may change from time to time. The Approved Project Sponsors shall not energize the Project with Interconnecting PTOs' Transmission System until the Interconnecting PTO provides prior written approval.
- 9.4 Start-Up and Synchronization.** Consistent with the Parties' mutually acceptable procedures, the Approved Project Sponsors are responsible for the proper energization of the Project to the CAISO Controlled Grid.

ARTICLE 10. PERFORMANCE OBLIGATION

- 10.1 Approved Project Sponsors' Project.** The Approved Project Sponsors shall design, procure, construct, install, own and/or control the Approved Project Sponsors' Project described in Appendix A at its sole expense.

ARTICLE 11. BILLING AND PAYMENT

- 11.1 Transmission Revenue Requirement.** The Approved Project Sponsors may apply to FERC for a Transmission Revenue Requirement for Transmission Facilities not yet in operation, but approved under the transmission planning provisions of the CAISO Tariff, that will be Regional Transmission Facilities or Local Transmission Facilities when placed under the CAISO's Operational Control. If FERC approves such Transmission Revenue Requirement, the CAISO shall incorporate the Transmission Revenue Requirement for each Approved Project Sponsor and the third party into the Regional Access Charge or Local Access Charge in accordance with the CAISO Tariff.
- 11.2 Application of CAISO Tariff.** The CAISO and Approved Project Sponsors shall comply with the billing and payment provisions set forth in the CAISO Tariff.
- 11.3 Refund Obligation.** Each Approved Project Sponsor, whether or not it is subject to FERC rate jurisdiction under Section 205 and Section 206 of the Federal Power Act, shall make all refunds, adjustments to its Transmission Revenue Requirement, and adjustments to its Approved Project Sponsor Tariff and do all other things required of a Participating TO to implement any FERC order related to the CAISO Tariff, including any FERC order that requires the CAISO to make payment adjustments or pay refunds to, or receive prior period overpayments from, any Participating TO. All such refunds and adjustments shall be made, and all other actions taken, in accordance with the CAISO Tariff, unless the applicable FERC order requires otherwise.

ARTICLE 12. REGULATORY REQUIREMENTS AND GOVERNING LAWS

- 12.1 Regulatory Requirements.** Each Party's obligations under this APSA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this APSA shall require the Approved Project Sponsors to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978, or the Energy Policy Act of 2005.

12.2 Governing Law.

12.2.1 The validity, interpretation and performance of this APSA and each of its provisions shall be governed by the laws of the state of California [where the Point of Interconnection is located], without regard to its conflicts of law principles.

12.2.2 This APSA is subject to all Applicable Laws and Regulations.

12.2.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

ARTICLE 13. NOTICES

13.1 General. Unless otherwise provided in this APSA, any notice, demand or request required or permitted to be given by a Party to another and any instrument required or permitted to be tendered or delivered by a Party in writing to another shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix D, Addresses for Delivery of Notices and Billings.

A Party must update the information in Appendix D as information changes. A Party may change the notice information in this APSA by giving five (5) Business Days written notice prior to the effective date of the change. Such changes shall not constitute an amendment to this APSA.

13.2 Alternative Forms of Notice. Any notice or request required or permitted to be given by a Party to another and not required by this APSA to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out in Appendix D.

13.4 Operations Notice. Each Party shall notify the other Parties in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

13.5 Project Management. If the Approved Project Sponsors desire to change the identified project management, including key personal, the Approved Project Sponsors shall notify the CAISO in writing thirty (30) days in advance for approval. Such approval shall not be unreasonably withheld.

ARTICLE 14. FORCE MAJEURE

14.1 Force Majeure.

14.1.1 Economic hardship is not considered a Force Majeure event.

14.1.2 No Party shall be considered to be in Default with respect to any obligation hereunder, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

14.1.3 The Parties shall revise this ASPA, including, but not limited to Appendix B and Appendix E, as necessary following notice of any Force Majeure.

ARTICLE 15. DEFAULT

15.1 Default.

15.1.1 General. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this APSA or the result of an act or omission of the other Party. Upon a Breach, the affected non-Breaching Party(ies) shall give written notice of such Breach to the Breaching Party. The Breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

15.1.2 Right to Terminate. If a Breach is not cured as provided in this Article, or if a Breach is not capable of being cured within the period provided for herein, the affected non-Breaching Party(ies) shall have the right to declare a Default and terminate this APSA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not such Party(ies) terminates this APSA, to recover from the Breaching Party all amounts due hereunder, plus all other damages and

remedies to which it is entitled at law or in equity. The provisions of this Article will survive termination of this APSA.

ARTICLE 16. INDEMNITY AND CONSEQUENTIAL DAMAGES

16.1 Indemnity. Each Party shall at all times indemnify, defend, and hold the other Parties harmless from, any and all Losses arising out of or resulting from another Party's action or inactions of its obligations under this APSA on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnified Party.

16.1.1 Indemnified Party. If an Indemnified Party is entitled to indemnification under this Article 16 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 16.1, to assume the defense of such claim, such Indemnified Party may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

16.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article 16, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual Loss, net of any insurance or other recovery.

16.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 16.1 may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the defendants in any such action include one or more Indemnified Parties and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Party or Indemnified Parties having such differing or additional legal defenses.

The Indemnified Party shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or delayed.

- 16.2 Consequential Damages.** In no event shall any Party be liable under any provision of this APSA for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

ARTICLE 17. ASSIGNMENT

- 17.1 Assignment.** This APSA may be assigned by the Approved Project Sponsor only with the written consent of the CAISO, whose consent will not be unreasonably withheld. The CAISO will not approve the assignment unless the assignee (i) meets the competitive solicitation qualification requirements set for in CAISO tariff section 24.5.3.1; (ii) agrees to honor the cost containment measures or cost caps specified in Appendix E, if applicable; (iii) agrees to meet the factors that the CAISO relied upon in selecting the Approved Project Sponsor; (iv) assumes the rights and obligations contained in this APSA; provided, however, that the Approved Project Sponsor shall have the right to assign this APSA, without the consent of the CAISO, for collateral security purposes to aid in providing financing for the Project, provided that the Approved Project Sponsor will promptly notify the CAISO of any such assignment. Any financing arrangement entered into by the Approved Project Sponsor pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the CAISO of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment

under this APSA shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof.

ARTICLE 18. SEVERABILITY

- 18.1 Severability.** If any provision in this APSA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this APSA.

ARTICLE 19. COMPARABILITY

- 19.1 Comparability.** The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

ARTICLE 20. CONFIDENTIALITY

- 20.1 Confidentiality.** Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the other Parties prior to the execution of this APSA.

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

If requested by any Party, the other Parties shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

- 20.1.1 Term.** During the term of this APSA, and for a period of three (3) years after the expiration or termination of this APSA, except as otherwise provided in this Article, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

- 20.1.2 Scope.** Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently

developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this APSA; or (6) is required, in accordance with Article 20.1.7 of this APSA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this APSA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Parties that it no longer is confidential.

20.1.3 Release of Confidential Information. No Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, Affiliates (limited by the Standards of Conduct requirements set forth in Part 358 of FERC's Regulations, 18 C.F.R. 358), subcontractors, or to parties who may be or considering providing financing to or equity participation with the Approved Project Sponsors, or to potential purchasers or assignees of the Approved Project Sponsors, on a need-to-know basis in connection with this APSA, unless such person has first been advised of the confidentiality provisions of this Article and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article.

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

20.1.5 No Warranties. The mere fact that a Party has provided Confidential Information does not constitute a warranty or representation as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

20.1.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under this APSA or its regulatory requirements.

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

20.1.8 Termination of Agreement. Upon termination of this APSA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from another Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party, unless subject to retention for litigation or regulatory purposes.

20.1.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Article. Each Party accordingly agrees that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article.

20.1.10 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this Article to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this APSA, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its

staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties to this APSA prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Parties to the APSA when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. Section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

20.1.11 Subject to the exception in Article 20.1.10. Confidential Information shall not be disclosed by the other Parties to any person not employed or retained by the other Parties, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Parties, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this APSA or as a transmission service provider or a Balancing Authority including disclosing the Confidential Information to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Parties in writing of the information it claims is confidential. Prior to any disclosures of another Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

ARTICLE 21. ENVIRONMENTAL RELEASES

21.1 Each Party shall notify the other Parties, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Project or the Interconnection Facilities, each of which may reasonably be expected to affect the other Parties. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Parties copies of any publicly available reports filed with any Governmental Authorities addressing such events.

ARTICLE 22. INFORMATION ACCESS AND AUDIT RIGHTS

22.1 Information Access. Each Party (the “disclosing Party”) shall make available to the other Party information that is in the possession of the disclosing Party and is necessary in order for the other Party to: (i) verify the costs incurred by the disclosing Party for which the other Party is responsible under this APSA; and (ii) carry out its obligations and responsibilities under this APSA. The Parties shall not use such information for purposes other than those set forth in this Article 22.1 and to enforce their rights under this APSA. Nothing in this Article shall obligate the CAISO to make available to a Party any third party information in its possession or control if making such third party information available would violate a CAISO Tariff restriction on the use or disclosure of such third party information.

22.2 Reporting of Non-Force Majeure Events. Each Party (the “notifying Party”) shall notify the other Parties when the notifying Party becomes aware of its inability to comply with the provisions of this APSA for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this APSA.

22.3 Audit Rights. Subject to the requirements of confidentiality under Article 20 of this APSA, the CAISO audit rights shall include audit of the Approved Project Sponsor costs pertaining to performance or satisfaction of obligations under this APSA.

22.3.1 The CAISO shall have the right, during normal business hours, and upon prior reasonable notice to the Approved Project Sponsors, to audit at its own expense the accounts and records pertaining to satisfaction of

obligations under this APSA. Subject to Article 22.3.2, any audit authorized by this Article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to performance and satisfaction of obligations under this APSA. The Approved Project Sponsors shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 22.4.

22.3.2 Notwithstanding anything to the contrary in Article 22.3, the Approved Project Sponsors' rights to audit the CAISO's accounts and records shall be as set forth in Section 22.1 of the CAISO Tariff.

22.4 Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement, and construction of Project constructed by the Approved Project Sponsors shall be subject to audit and verification by the CAISO for a period of twenty-four months following the issuance of a final cost summary in accordance with Article 5.2.7.

ARTICLE 23. SUBCONTRACTORS

23.1 General. Nothing in this APSA shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this APSA; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this APSA in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

23.2 Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this APSA. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the CAISO or Interconnecting PTO be liable for the actions or inactions of the Approved Project Sponsors or its subcontractors with respect to obligations of the Approved Project Sponsors under Article 4 of this APSA. Any applicable obligation imposed by this APSA upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

ARTICLE 24. DISPUTES

- 24.1 General.** All disputes arising out of or in connection with this APSA whereby relief is sought by or from the CAISO shall be settled in accordance with the provisions of Article 12 of the CAISO Tariff, except that references to the CAISO Tariff in such Article 12 of the CAISO Tariff shall be read as references to this APSA. Disputes arising out of or in connection with this APSA not subject to provisions of Article 12 of the CAISO Tariff shall be resolved as follows:
- 24.2 Submission.** In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this APSA or its performance, such Party (the “disputing Party”) shall provide the other Party with written notice of the dispute or claim (“Notice of Dispute”). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party’s receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this APSA.
- 24.3 External Arbitration Procedures.** Any arbitration initiated under this APSA shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“Arbitration Rules”) and any applicable FERC regulations; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article, the terms of this Article shall prevail.
- 24.4 Arbitration Decisions.** Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this APSA and shall have no power to modify or change any provision of this

Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator(s) must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

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

ARTICLE 25. REPRESENTATIONS, WARRANTIES AND COVENANTS

- 25.1 General.** Each Party makes the following representations, warranties and covenants:

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

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

25.1.3 No Conflict. The execution, delivery and performance of this APSA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

- 25.1.4 Consent and Approval.** Such Party has sought or obtained, or, in accordance with this APSA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this APSA, and it will provide to any Governmental Authority notice of any actions under this APSA that are required by Applicable Laws and Regulations.
- 25.1.5 Existing Ownership and Property Rights.** Nothing in this APSA shall alter or amend the Approved Project Sponsor existing ownership or property rights, including but not limited to, in the Project.

ARTICLE 26. MISCELLANEOUS

- 26.1 Binding Effect.** This APSA and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 26.2 Conflicts.** In the event of a conflict between the body of this APSA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this APSA shall prevail and be deemed the final intent of the Parties.
- 26.3 Rules of Interpretation.** This APSA, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this APSA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this APSA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this APSA or such Appendix to this APSA, or such Section to the CAISO Tariff or such Appendix to the CAISO Tariff, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this APSA as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

- 26.4 Entire Agreement.** This APSA, including all Appendices and Schedules attached hereto, constitutes the entire agreement among the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between or among the Parties with respect to the subject matter of this APSA. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this APSA.
- 26.5 No Third Party Beneficiaries.** This APSA is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.
- 26.6 Waiver.** The failure of a Party to this APSA to insist, on any occasion, upon strict performance of any provision of this APSA will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.
- Any waiver at any time by either Party of its rights with respect to this APSA shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this APSA. Termination or Default of this APSA for any reason by the Approved Project Sponsor shall not constitute a waiver of the Approved Project Sponsor's legal rights to obtain an interconnection from the CAISO. Any waiver of this APSA shall, if requested, be provided in writing.
- 26.7 Headings.** The descriptive headings of the various Articles of this APSA have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this APSA.
- 26.8 Multiple Counterparts.** This APSA may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 26.9 Amendment.** The Parties may by mutual agreement amend this APSA by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this APSA upon satisfaction of all Applicable Laws and Regulations.
- 26.10 Modification by the Parties.** Except as described in Appendices B and E, the Parties may by mutual agreement amend the Appendices to this APSA by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this APSA upon satisfaction of all Applicable Laws and Regulations.

- 26.11 Reservation of Rights.** The CAISO has the right to make a unilateral filing with FERC to modify this APSA pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following Articles and Appendices of this APSA and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation. The Approved Project Sponsors and the CAISO shall have the right to make a unilateral filing with FERC to modify this APSA pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this APSA shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 26.12 No Partnership.** This APSA shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership among the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.
- 26.13 Joint and Several Obligations.** Except as otherwise provided in this APSA, the obligations of the CAISO, and the Approved Project Sponsors are several, and are neither joint nor joint and several.

IN WITNESS WHEREOF, the Parties have executed this APSA in multiple originals, each of which shall constitute and be an original effective agreement among the Parties.

Pacific Gas and Electric Company

By: Christopher P. Johns

Name: Christopher P. Johns

Title: President, Pacific Gas and Electric Co.

Date: 5/14/14

MidAmerican Central California Transco, LLC

By: _____

Name: _____

Title: _____

Date: _____

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

IN WITNESS WHEREOF, the Parties have executed this APSA in multiple originals, each of which shall constitute and be an original effective agreement among the Parties.

Pacific Gas and Electric Company


By: _____

Name: _____

Title: _____

Date: _____

MidAmerican Central California Transco, LLC

By:  _____

Name: John A. Cupparo _____

Title: President of MidAmerican Transmission
(Sole member of MACT, LLC) _____

Date: April 28, 2014 _____

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

IN WITNESS WHEREOF, the Parties have executed this APSA in multiple originals, each of which shall constitute and be an original effective agreement among the Parties.

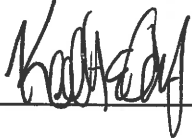
Pacific Gas and Electric Company

By: _____
Name: _____
Title: _____
Date: _____

MidAmerican Central California Transco, LLC

By: _____
Name: _____
Title: _____
Date: _____

California Independent System Operator Corporation

By:  _____
Name: _____
Title: KEITH E. CASEY, PH.D., VICE PRESIDENT
MARKET & INFRASTRUCTURE DEVELOPMENT
Date: 5/1/2014 _____

Appendices to APSA

Appendix A Project Details

Appendix B Milestones

Appendix C Security Arrangements Details

Appendix D Addresses for Delivery of Notices and Billings

Appendix E Approved Project Sponsor's Costs of Project

Appendix A

Project Details

1. Description:

The Gates-Gregg 230 kV Transmission Project is to construct an overhead double circuit 230 kV transmission line with one side initially strung. The Project includes the transmission line itself, which originates from the Pacific Gas and Electric Company (“PG&E”) Gates Substation, passes in the vicinity of the Raisin City Junction area, and terminates at the PG&E Gregg Substation north of the City of Fresno. All required work within the fence line of each substation is not included as part of the Project. The installation of the second circuit is also not included as part of the Project.

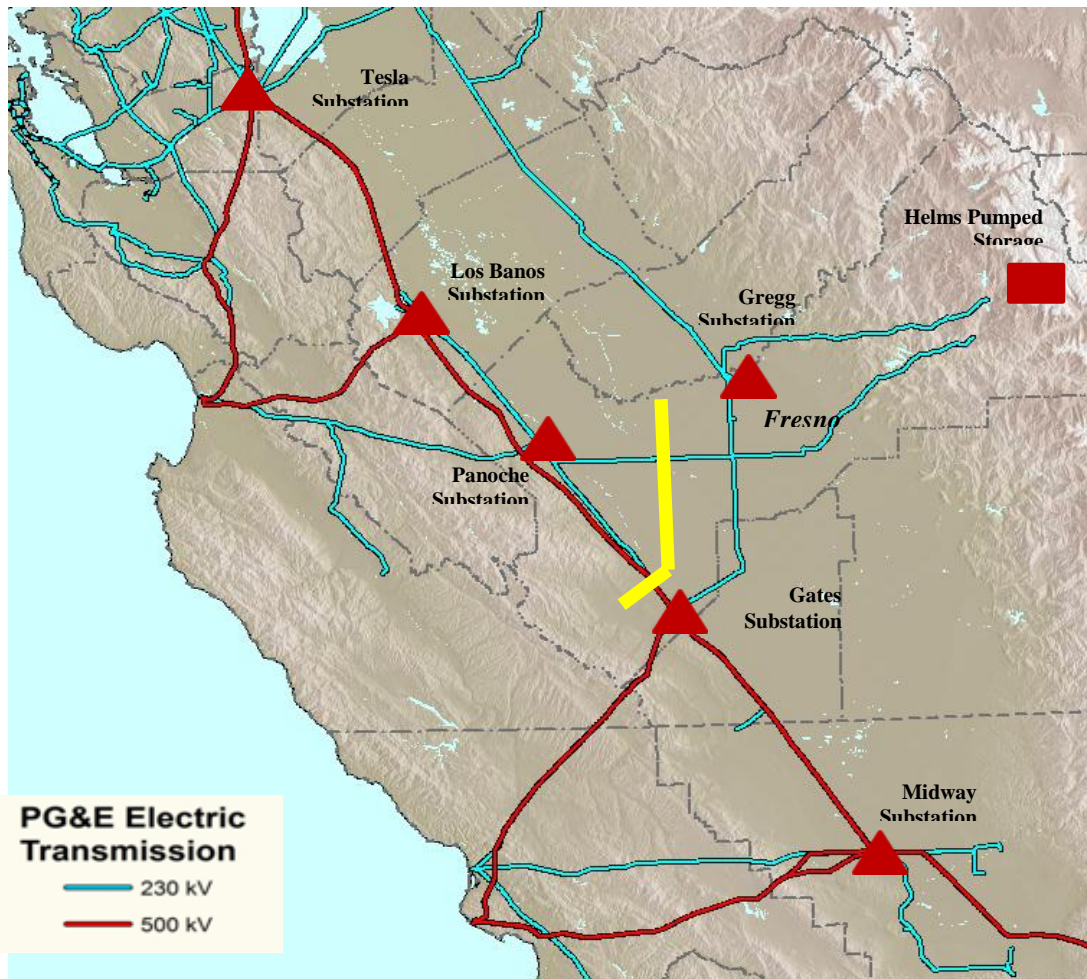
2. Interconnection Facilities – Collector Station: None

3. Network Upgrades:

230 kV single-circuit overhead transmission line on double circuit structures from the Gates substation to the Gregg substation.

4. Distribution Upgrades: None

5. Diagram of Project:



Appendix B

Milestones

1. Milestone Dates:

Item	Milestone	Responsible Party	Due Date ¹⁷
1	Submit Construction Plan in accordance with Article 5.4.1 of this Agreement.	Approved Project Sponsors	Completed
2	Commence development activities including commencement of regulatory approvals; and permits.	Approved Project Sponsors	Completed
3	Submit Construction Plan Status Report in accordance with Article 5.4.2 of this Agreement.	Approved Project Sponsors	June 26, 2014** September 24, 2014** December 23, 2014** March 23, 2015** June 21, 2015** September 19, 2015** December 18, 2015** March 17, 2016** June 15, 2016** September 13, 2016** December 12, 2016** March 12, 2017**
4	Commence engineering design	Approved Project Sponsors	June 1, 2017**
5	Submit Construction Plan Status Report in accordance with Article 5.4.2 of this Agreement.	Approved Project Sponsors	June 10, 2017**
6	Commence procurement including material and resources	Approved Project Sponsors	July 1, 2017**
7	Submit Construction Plan Status Report in accordance with Article 5.4.2 of this Agreement.	Approved Project Sponsors	September 8, 2017** December 7, 2017**
8	Commence development activities for acquisition of land.	Approved Project Sponsors	February 28, 2018**
9	Submit Construction Plan Status Report in accordance with Article 5.4.2 of this Agreement.	Approved Project Sponsors	March 7, 2018**
10	Complete permitting activities	Approved Project Sponsors	April 1, 2018**
11	Submit Construction Plan Status Report in accordance with Article 5.4.2 of this Agreement.	Approved Project Sponsors	June 5, 2018** September 3, 2018**
12	Complete procurement including material and resources	Approved Project Sponsors	October 1, 2018**
13	Complete engineering design and land acquisition activities	Approved Project Sponsors	November 2, 2018**
14	Submit Construction Plan Status Report in accordance with Article 5.4.2 of this Agreement.	Approved Project Sponsors	December 2, 2018** March 2, 2019**

Item	Milestone	Responsible Party	Due Date ^{1/}
15	Commence Construction	Approved Project Sponsors	April 1, 2019**
16	Submit Construction Plan Status Report in accordance with Article 5.4.2 of this Agreement.	Approved Project Sponsors	May 31, 2019**
17	Submit a Participating TO application for the Project to the ISO in accordance with Section 4.3.1.1 of the CAISO Tariff	Approved Project Sponsors	July 1, 2019**
18	Submit Construction Plan Status Report in accordance with Article 5.4.2 of this Agreement.	Approved Project Sponsors	August 29, 2019**
19	Submit Project specifications in accordance with Article 5.8.1 of this Agreement	Approved Project Sponsors	October 1, 2019**
20	Provide comments on Project specifications	CAISO	October 31, 2019**
21	Submit Construction Plan Status Report in accordance with Article 5.4.2 of this Agreement.	Approved Project Sponsors	November 27, 2019**
22	Submit final Project specifications in accordance with Article 5.8.1 of this Agreement	Approved Project Sponsors	January 1, 2020**
23	Provide comments on final Project specifications	CAISO	January 31, 2020**
24	Submit Construction Plan Status Report in accordance with Article 5.4.2 of this Agreement.	Approved Project Sponsor	February 25, 2020**
25	Commence Testing	Approved Project Sponsors	March 1, 2020**
26	Energization Date	Approved Project Sponsors	March 31, 2020*
27	Complete Construction	Approved Project Sponsors	June 30, 2020**
28	In accordance with Article 5.2.8 and 5.8.3 provide final "as-built" drawings, information and other documents.	Approved Project Sponsors	July 29, 2020**
29	In accordance with Article 5.2.7 provide final costs of the Project.	Approved Project Sponsors	March 31, 2021**

^{1/}

Dates in this Appendix B are good faith estimates and can be modified as follows:

* Change in milestone date requires an amendment to this APSA pursuant to Section 26.10.

** Change in milestone date can be agreed to in writing by the representatives listed in Appendix D to this APSA without further regulatory approval. .

Appendix C

Security Arrangements Details

Infrastructure security of CAISO Controlled Grid equipment and operations and control hardware and software is essential to ensure day-to-day CAISO Controlled Grid reliability and operational security. FERC will expect the CAISO, and Approved Project Sponsors interconnected to the CAISO Controlled Grid to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

The Approved Project Sponsors shall meet the requirements for security implemented pursuant to the CAISO Tariff, including the CAISO's standards for information security posted on the CAISO's internet web site at the following internet address: <http://www.caiso.com/pubinfo/info-security/index.html>.

Appendix D

Addresses for Delivery of Notices and Billings

Notices:

Approved Project Sponsors:

<p>Pacific Gas and Electric Company Attn: Mark Schexnayder Mail Code B27W PO Box 770000 San Francisco, CA 94177 Email: mts2@pge.com</p> <p>With a copy to: Pacific Gas and Electric Company Attn: Steve Metague Mail Code B14J PO Box 770000 San Francisco, CA 94177 Email: sjmd@pge.com</p>	<p>and</p>	<p>MidAmerican Central California Transco, LLC Attn: Todd Jensen 1407 W North Temple, Ste 250 Salt Lake City, UT 84116 Email: Todd.Jensen@midamericantrans.com</p> <p>With a copy to: MidAmerican Central California Transco, LLC Attn: Brian Pitts 1407 W North Temple, Ste 250 Salt Lake City, UT 84116 Email: Brian.Pitts@midamericantrans.com</p>
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CAISO:

California ISO
Attn: Infrastructure Contracts & Management
250 Outcropping Way
Folsom, CA 95630
QueueManagement@CAISO.com

Alternative Forms of Delivery of Notices (telephone, facsimile or e-mail):Approved Project Sponsors:

Mark Schexnayder mts2@pge.com (415) 973-7723	and	Todd Jensen Todd.Jensen@midamericantrans.com (801) 220-2518
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CAISO:

Deb Le Vine
dlevine@caiso.com
(916) 351-2144

Appendix E

Approved Project Sponsors' Costs of Project

The estimated cost components for the Project, based upon assumptions listed in the Approved Project Sponsors' bid submittal, are summarized as follows (in 2013 dollars):

Transmission Line Costs	
Environmental & Related	\$ 29,897,186
Engineering	5,130,158
Civil Works	8,017,329
Materials	41,609,109
Equipment	4,275,909
Construction	23,432,108
Construction Management	3,406,780
Other	162,464
Subtotal – Base Cost	\$ 130,075,380
AFUDC	\$ 23,528,286
Property Tax	3,418,100
Total	\$ 157,021,766

In accordance with Article 5.2.7, the Approved Project Sponsors shall provide a summary of the final cost of the construction of the Project as soon as reasonably practicable within twelve months of the completion of construction.