

CITY OF VERNON, CALIFORNIA
TRANSMISSION OWNER TARIFF

Authorized by City of Vernon
Ordinance No. 940

Issued on: April 24, 2001

Resolution No. 7751 Effective: January 1, 2001
Sheet No. 1

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1. **Preamble.** Vernon's TRR for its high voltage transmission facilities and Entitlements placed under the ISO's operational control, and certain terms and conditions relating to transmission expansion of and interconnection with Vernon's high voltage transmission facilities and Entitlements placed under the ISO's operational control, are set forth in this TO Tariff.
2. **Effective Date.** This TO Tariff is effective on the date on which Vernon became a Participating TO, January 1, 2001, and shall continue to be effective so long as Vernon is a party to the TCA.
3. **TO Definitions.** Certain capitalized terms used in this TO Tariff that are set out immediately below shall have the meanings set out immediately below. Capitalized terms used in this tariff and not defined below shall have the meanings set out in the ISO Tariff as it may be amended from time to time.
 - 3.1 **Completed Application.** An application that satisfies all of the information and other requirements of this TO Tariff, including any required deposit.
 - 3.2 **COTP.** The California-Oregon Transmission Project as defined in the COTP Interim Participation Agreement.
 - 3.3 **COTP Interim Participation Agreement.** That certain agreement entered into by the various parties on or about September 30, 1991 for the purpose to complete construction of, and to own and operate the COTP.
 - 3.4 **Direct Assignment Facilities.** Facilities or portions of facilities that are constructed by the Participating TO for the sole use or benefit of a particular party requesting Interconnection under this TO Tariff. Direct Assignment Facilities shall be specified in the Interconnection Agreement that governs service to such party.
 - 3.5 **Facilities Study Agreement.** An agreement between a Participating TO and either a Market Participant, Project Sponsor, or identified principal beneficiaries pursuant to which the Market Participants, Project Sponsor, and identified principal beneficiaries agree to reimburse the Participating TO for the cost of a Facility Study.
 - 3.6 **Facility or Facilities Study.** An engineering study conducted by a Participating TO to determine required modifications to the Participating TO's transmission system, including the cost and scheduled completion date for such modifications that will be required to provide needed services.
 - 3.7 **Local Regulatory Authority.** In the case of Vernon, the Vernon City Council.
 - 3.8 **MAP Joint Ownership Agreement.** That certain agreement entered into by the Mead-Adelanto owners, as the same may be revised, amended or supplemented from time to time.

- 3.9 MAP Coordinating Committee.** Governing committee of the MAP.
- 3.10 MAP Operation Agreement.** That certain agreement entered into by the Mead-Adelanto owners and Los Angeles, which, among other things, designates Los Angeles as operation manager for the Mead-Adelanto Project.
- 3.11 Marketplace Administrative Committee.** Governing committee of the Marketplace Substation.
- 3.12 Marketplace Owners.** Each of the Mead-Phoenix owners and each of the Mead-Adelanto owners, their successors and assigns.
- 3.13 Marketplace Substation.** The common terminal for the Mead-Phoenix and Mead-Adelanto Projects and includes the Marketplace-McCullough tie line as common facilities, as more fully described in the Marketplace Substation Participation Agreement.
- 3.14 Marketplace Substation Participation Agreement.** That certain agreement entered into by the Marketplace Owners, which provides, among other things, for ownership, construction, operation, maintenance, and rights of use associated with the Marketplace Substation.
- 3.15 Mead-Adelanto Project or MAP.** A 500 kV AC transmission line with termination facilities at the Adelanto Switching station and Marketplace Substation, as more fully described in the Mead-Adelanto Project Agreements as defined in the MAP Joint Ownership Agreement.
- 3.16 Mead-Phoenix Project or MPP.** A 500 kV AC transmission line interconnecting the Westwing Switchyard, Mead Substation, and Marketplace Substation, as more fully described in the Mead-Phoenix Agreements as defined in the Mead-Phoenix Project Joint Ownership Agreement.
- 3.17 MPP Joint Ownership Agreement.** That certain agreement entered into by the Mead-Phoenix owners, as the same may be revised, amended or supplemented from time to time.
- 3.18 MPP Management Committee.** Governing committee of the MPP.
- 3.19 MPP Operation Agreement.** That certain agreement entered into by the Mead-Phoenix owners, SRP and Western, which, among other things, designates SRP and Western as operation managers for the Mead-Phoenix Project.
- 3.19a Net FTR Revenue.** The sum of: 1) The revenue received by the Participating TO from the sale, auction, or other transfer of the FTRs provided to it pursuant to Section 9.4.3 FTR, or any substantively identical successor provision, of the ISO Tariff; and 2) For each hour: a) the Usage Charge revenue received by the Participating TO associated with its Section 9.4.3 FTRs; minus b) Usage Charges that are: i) incurred by the Scheduling Coordinator for the Participating TO under

ISO Tariff Section 7.3.1.4, ii) associated with the Participating TO's Section 9.4.3 FTRs, and iii) incurred by the Participating TO for its energy transactions but not incurred as a result of the use of the transmission by a third-party and minus c) the charges paid by the Participating TO pursuant to Section 7.3.1.7, to the extent such charges are incurred by the Scheduling Coordinator of the Participating TO on Congested Inter-zonal Interfaces that are associated with the Section 9.4.3 FTRs provided to the Participating TO. The component of Net FTR Revenue represented by item 2) immediately above shall not be less than zero for any hour.

- 3.20 Participating TO.** A party to the TCA whose application under Section 2.2 of the TCA has been accepted and who has placed its transmission assets and Entitlements under the ISO's Operational Control in accordance with the TCA. A Participating TO may be an Original Participating TO or a New Participating TO. For purposes of this TO Tariff, the Participating TO is Vernon.

- 3.21 Project Proponent.** A Market Participant or group of Market Participants that: (i) advocates a transmission addition or upgrade; (ii) is unwilling to pay the full cost of the proposed transmission addition and upgrade, and thus is not a Project Sponsor; and (iii) initiates proceedings under the ISO ADR Procedures to determine the need for the proposed transmission addition or upgrade.
- 3.22 System Impact Study.** An engineering study conducted by a Participating TO to determine whether a request for Interconnection to the Participating TO's transmission system would require new transmission additions or upgrades.
- 3.23 System Impact Study Agreement.** An agreement between a Participating TO and an entity that has requested Interconnection to the Participating TO's transmission system pursuant to which the entity requesting Interconnection agrees to reimburse the Participating TO for the cost of a System Impact Study.
- 3.24 Transmission Revenue Balancing Account Adjustment ("TRBAA").** A mechanism established by the Participating TO which will ensure that all Transmission Revenue Credits and other credits specified in Sections 6 and 8 of Appendix F, Schedule 3 of the ISO Tariff, flow through to ISO Tariff and TO Tariff transmission customers.
- 3.25 Transmission Revenue Credit.** Collectively, 1) the sum of: a) all revenues received by the Participating TO from the ISO for Wheeling service, plus b) Usage Charge revenues received by the Participating TO pursuant to Section 7.3.1.6(ii) of the ISO Tariff, plus c) Net FTR Revenue received by the Participating TO; minus 2) any charges attributable to the Participating TO (but not those attributable to the FTR Holder) pursuant to ISO Tariff 7.3.1.7.
- 3.26 Transmission Revenue Requirement.** The TRR is the total annual authorized revenue requirements associated with transmission facilities and Entitlements turned over to the Operational Control of the ISO by the Participating TO. The costs of any transmission facility turned over to the Operational Control of the ISO shall be fully included in the Participating TO's TRR. The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and credits for Standby Transmission Revenue and the transmission revenue expected to be actually received by the Participating TO for Existing Rights and Converted Rights. The TRR is shown in Appendix I.
- 4. Eligibility.** Transmission service over Vernon's high voltage transmission facilities and Entitlements placed under the ISO's Operational Control shall be provided only to Eligible Customers as defined by the ISO Tariff. Any dispute as to whether a customer is eligible for wholesale transmission service shall be resolved by FERC and any dispute as to whether a Vernon End-Use Customer is eligible for service under this TO Tariff shall be resolved by the Local Regulatory Authority. At the present time, there are no Vernon End-Use Customers eligible for service under this tariff.
- 5. Access Charges.** The applicable Access Charges are provided in the ISO Tariff.

5.1 Transmission Revenue Requirement. As set forth in the ISO Tariff, the Transmission Revenue Requirement for each Participating TO shall be used to develop the Access Charges set forth in the ISO Tariff. Vernon's Transmission Revenue Requirement is set forth in Appendix I.

5.2 Transmission Revenue Balancing Account Adjustment ("TRBAA"). The Participating TO shall maintain a Transmission Revenue Balancing Account ("TRBA") that will ensure that all Transmission Revenue Credits and the refunds, specified in Sections 6 and 8 of Appendix F, Schedule 3 of the ISO Tariff, flow through to transmission customers. The TRBAA shall be equal to:
 $TRBAA = TRC_F + TRC_T + I$.

$TRC_T =$ The balance representing the prior period difference between the projected Transmission Revenue Credits and the actual credits.

$TRC_F =$ The forecast of Transmission Revenue Credits for the following calendar year.

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

The Vernon TRBAA, calculated in accordance with the ISO Tariff and approved by the City Council, is stated in Appendix I.

6. Ancillary Services--Applicability and Charges. If any Ancillary Services are required, Vernon will not provide such services, but transmission customer will be required to meet any such requirement in accordance with the ISO Tariff.

7. Billing and Payment.

7.1 [intentionally left blank]

7.2 The ISO, in accordance with the ISO Tariff, shall pay the Participating TO, among other things, Wheeling, Usage, Access Charge revenues, and FTR auction proceeds (excluding Usage Charge revenues payable to FTR Holders) in accordance with the ISO Tariff.

7.3 Users of Vernon's high voltage transmission facilities and Entitlements placed under the ISO's Operational Control shall pay to the ISO all applicable charges in accordance with the ISO Tariff.

8. Expansion and Interconnection for Vernon's Interests in COTP, MPP, MAP, and Marketplace Substation. Expansion of and/or interconnection to the high voltage transmission facilities presently placed under the ISO's Operational Control by Vernon, which consist of Vernon's minority interests in COTP, MPP, MAP, and the Marketplace

Substation, require approval of the owners and/or the management committees of those facilities. Therefore Vernon does not have the legal authority to compel expansion and interconnection. Vernon will submit, or assist in the submission of, expansion and/or interconnection requests from third parties to the appropriate bodies of a project pursuant to the individual agreements. It is Vernon's intent to facilitate the submission of such requests to the full extent allowed by the agreements governing or otherwise applying to those projects and the applicable laws and regulations. The project agreements have the provisions, described immediately below, that address expansion and interconnection requests. At this time, the projects do not have explicit procedures for expansions and interconnection requests. In some cases, such procedures may be under development. Third parties making such requests will be responsible for reimbursing all of Vernon's reasonable expenses incurred by Vernon in facilitating submission of such requests to such governing bodies. Sections 8a, 9a, and 10a, and their subparts, of this Vernon TO Tariff shall apply as described in Section 8a.

8.1 Expansion

- 8.1.1 Mead-Adelanto Project.** Pursuant to Section 11.4 of the MAP Operation Agreement, the Project Coordinating Committee may consider increasing the available transmission capability of the transmission line.
- 8.1.2 Mead-Phoenix Project.** Pursuant to Section 11.4 of the MPP Operation Agreement, the Project Management Committee may consider increasing the available transmission capability of the transmission line.
- 8.1.3 Marketplace Substation.** Pursuant to Section 10.6 of the Marketplace Substation Participation Agreement, the Administrative Committee may consider increasing the capability of the Substation.
- 8.1.4 California Oregon Transmission Project.** Pursuant to Section 5.1 of the COTP Interim Participation Agreement, the Management Committee was established as a means of securing effective managerial and policy direction.

8.2 Interconnection

- 8.2.1 Mead-Adelanto Project.** Pursuant to Section 6.2.10 of the MAP Ownership Agreement, the Project Coordinating Committee has the power to approve and designate contracts.
- 8.2.2 Mead-Phoenix Project.** Pursuant to Section 6.2.10 of the MPP Ownership Agreement, the Project Management Committee has the power to approve and designate contracts.
- 8.2.3 Marketplace Substation.** Pursuant to Section 13 of the Marketplace Substation Participation Agreement, any entity may interconnect transmission lines at the Marketplace Substation subject to approval by

each Marketplace Owner and execution of an interconnection agreement between the Marketplace Owners and the requesting entity.

8.2.3 California-Oregon Transmission Project. Pursuant to Section 5.1 of the COTP Interim Participation Agreement, the Management Committee was established as a means of securing effective managerial and policy direction.

8.3 Project Managers and Operators. Each transmission project in which Vernon has Entitlements has a project manager and an operating agent. They are as follows and can be contacted in connection with any request for expansion or interconnection.

	<u>Project Manager</u>	<u>Operating Agent</u>
Mead-Phoenix Project	SRP, WAPA (DSW)	
Mead-Adelanto Project	LADWP	LADWP
Marketplace Substation	LADWP	LADWP
California-Oregon Transmission Project	TANC	WAPA (SNR)

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

8a.1 Participating TO Obligation to Interconnect. Sections 8a, 9a, and 10a, and their subparts, are provided for consistency with other PTOs' TO Tariffs and for potential future application should Vernon acquire transmission facilities or acquire additional legal authority in its existing facilities which would provide Vernon sufficient legal authority to implement these Sections. These Sections 8a, 9a, and 10a have no current application to the transmission facilities turned over to ISO operational control by Vernon, which facilities are Vernon's minority interests in COTP, MAP, MPP, and the Marketplace Substation, which are covered solely by Sections 8, 9, and 10 as to expansions and interconnections. Neither are they presently applicable to any other Vernon facilities. If the situation changes so that Vernon has legal authority over transmission facilities so that Vernon is able to implement the provisions of Sections 8a, 9a, and 10a so that those provisions become effective, to the extent consistent with Sections 9a.2.1 and 9a.3.3 of this TO Tariff, the Participating TO shall, at the request of a third party pursuant to Section 210, interconnect its system to the generation of such third party, or modify an existing Interconnection. Interconnections under this TO Tariff shall be available to entities eligible to request interconnection consistent with the provisions of Section 210(a) of the FPA.

8a.1.1 Upgrade to Transmission System. Interconnection must be consistent with Good Utility Practice, in conformance with all Applicable

Reliability Criteria, all applicable statutes, and regulations. The Participating TO will not upgrade its existing or planned transmission system to accommodate the Interconnection if doing so would impair system reliability, or would otherwise impair or degrade pre-existing firm transmission service.

8a.1.2 Costs Associated with Interconnection. The cost of any Direct Assignment Facilities constructed pursuant to this section shall be borne by the party requesting the Interconnection. Any additional costs associated with accommodating the Interconnection shall be allocated in accordance with the cost responsibility methodology set forth in the ISO Tariff for transmission expansions or upgrades. Any disputes regarding such cost allocation shall be resolved in accordance with the ISO ADR Procedures. If a Market Participant fails to raise through the ISO ADR Procedures a dispute as to whether a proposed transmission addition or upgrade is needed, or as to the identity, if any, of the beneficiary, then the Market Participant shall be deemed to have waived its right to raise such dispute at a later date. The determination under the ISO ADR Procedures as to whether the transmission addition or upgrade is needed and the identity, if any, of the beneficiaries, including any determination by FERC or on appeal of a FERC determination in accordance with that process, shall be final.

8a.1.3 Execute Interconnection Agreement. Prior to the construction of any Interconnection facilities pursuant to this TO Tariff, the party requesting an Interconnection shall execute an appropriate Interconnection Agreement that will be filed with FERC, or the Local Regulatory Authority, in the case of a Local Publicly Owned Electric Utility, and that will include, without limitation, cost, responsibilities for engineering, equipment, and construction costs. All costs shall be paid in advance by the requesting party.

8a.1.4 Coordination with ISO on Interconnection Requests. The Participating TO shall coordinate with the ISO, pursuant to the provisions of the TCA, in developing Interconnection standards and guidelines for processing Interconnection requests under this TO Tariff.

8a.2 Participating TO Obligation to Construct Transmission Expansions or Facility Upgrades. The Participating TO shall be obligated to: (1) perform System Impact or Facility Studies where the Project Sponsor or the ISO agrees to pay the study cost and specifies the project objectives to be achieved, and (2) build transmission additions and facility upgrades where the Participating TO is obligated to construct or expand facilities in accordance with and subject to the limitations of the ISO Tariff and this TO Tariff.

8a.2.1 Obligation to Construct. A Participating TO shall not be obligated to construct or expand Interconnection facilities or system upgrades unless

and until the conditions stated in Section 9a.2.1 hereof have been satisfied.

8a.2.2 Local Furnishing Participating TO Obligation to Construct. A Local Furnishing Participating TO shall not be obligated to construct or expand Interconnection facilities or system upgrades unless and until the conditions stated in Section 9a.3.3 hereof have been satisfied.

8a.3 Request for FERC Deference Regarding Need Determination. It is intended that FERC grant substantial deference to the factual determinations of the ISO, (including the ISO's ADR Procedures), the Vernon City Council, WSCC, or RTG coordinated planning processes as to the need for or construction of a facility, the need for full cost recovery, and the allocation of costs.

9. Expansion Process for Vernon's Interests in COTP, MPP, MAP, and Marketplace Substation. The Expansion process for Vernon's Interests in COTP, MPP, MAP, and Marketplace Substation, which it has turned over to ISO operational control, is as stated in Section 8 above. Section 9a and its subparts do not currently apply to those interests or any other Vernon facilities.

9a. Expansion Process.

9a.1 Determination of Facilities. A Participating TO shall perform a Facilities Study in accordance with this Section where (1) the Participating TO is obligated to construct or expand facilities in accordance with the ISO Tariff and this TO Tariff; (2) a Market Participant agrees to pay the costs of the Facilities Study and specifies the project objectives to be achieved in terms of increased capacity or reduced congestion; or (3) the Participating TO is required to perform a Facilities Study pursuant to the ISO Tariff.

9a.1.1 Payment of Facilities Study's Cost.

9a.1.1.1 Market Participant to Pay for Facilities Study. Where a Market Participant requests a Facilities Study and the need for the transmission addition or upgrade has not yet been established in accordance with the procedures established herein and the ISO Tariff, the Market Participant shall pay the cost of the Facilities Study.

9a.1.1.2 Project Sponsor or Project Proponent to Pay for Facilities Study. Where the facilities to be added or upgraded have been determined to be needed in accordance with the procedures established herein and the ISO Tariff, the Project Sponsor, Project Proponent, or the ISO requesting the study shall pay the reasonable cost of the Facilities Study. When the Participating TO is the Project Sponsor in accordance with the ISO Tariff, the costs of the Facilities Study shall be recovered through the Access Charges and transmission rates.

9a.1.1.3 Principal Beneficiaries to Pay for Facilities Study. Where the facilities to be added or upgraded have been determined to be needed and the principal beneficiaries have been identified by the ISO or ISO ADR Procedures in accordance with the ISO Tariff, the Project Sponsor and the identified principal beneficiaries shall pay the reasonable cost of the Facilities Study, in such proportions as may be agreed, or, failing agreement, as determined in accordance with the ISO ADR Procedures.

9a.1.2 Payment Procedure. Where a Facilities Study is being conducted pursuant to this TO Tariff, the Participating TO shall, as soon as practicable, tender to the Market Participant, Project Sponsor, Project Proponent, ISO, or identified principal beneficiaries, as the case may be, a Facilities Study Agreement that defines the scope, content, assumptions, and terms of reference for such study, the estimated time required to complete it, and such other provisions as the parties may reasonably require and pursuant to which such Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiaries agree to reimburse the Participating TO the reasonable cost of performing the required Facilities Study. If the Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiaries, as the case may be, agree to the terms of the Facilities Study Agreement, they shall execute the Facilities Study Agreement and return it to the Participating TO within ten Business Days. If such Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiary elects not to execute a Facilities Study Agreement, the Participating TO shall have no obligation to complete a Facilities Study.

9a.1.3 Facilities Study Procedures. Upon receipt of an executed Facilities Study Agreement, a copy of which has been provided to the ISO by the party requesting the Facilities Study, the Participating TO will use due diligence to complete the required Facilities Study in accordance with the terms of the Facilities Study Agreement.

9a.2 Obligation to Build.

9a.2.1 Due Diligence to Construct. Subject to Section 9a.3.3 of this TO Tariff, the Participating TO shall use due diligence to construct, within a reasonable time, additions or upgrades to its transmission system that it is obligated to construct pursuant to the ISO Tariff and this TO Tariff. The Participating TO's obligation to build will be subject to: 1) its ability, after making a good faith effort, to obtain the necessary approvals and property rights under applicable federal, state, and local laws; 2) the presence of a cost recovery mechanism with cost responsibility assigned in accordance with the ISO Tariff; and 3) a signed Participation

Agreement. The Participating TO will not construct or expand its existing or planned transmission system, if doing so would impair system reliability as determined through systems analysis based on the Applicable Reliability Criteria.

9a.2.2 Delay in Construction or Expansion. If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Participating TO shall promptly notify: (1) the Project Sponsor with regard to facilities determined to be needed; (2) the Parties to the Participation Agreement with regard to facilities determined to be needed pursuant to the ISO Tariff where principal beneficiaries were identified; and (3) the ISO. In such circumstances, the Participating TO shall, within thirty days of notifying such Project Sponsor, Parties to the Participation Agreement, and the ISO of such delays, convene a technical meeting with such Project Sponsor, Parties to the Participation Agreement, and the ISO to discuss the circumstances which have arisen and evaluate any options available. The Participating TO also shall make available to such Project Sponsor, Parties to the Participation Agreement, and the ISO, as the case may be, studies and work papers related to the cause and extent of the delay and the Participating TO's ability to complete the new facilities, including all information that is in the possession of the Participating TO that is reasonably needed to evaluate the alternatives.

9a.2.2.1 Alternatives to the Original Facility Additions. If the review process of Section 9a.2.2 determines that one or more alternatives exist to the originally planned construction project, the Participating TO shall present such alternatives for consideration to the Project Sponsor, Parties to the Participation Agreement, and the ISO, as the case may be. If upon review of any alternatives, such Project Sponsor, the ISO, or Parties to the Participation Agreement wish to evaluate or to proceed with one of the alternative additions or upgrades, such Project Sponsor, the ISO, or Parties to the Participation Agreement may request that the Participating TO prepare a revised Facility Study pursuant to Sections 9a.1.1, 9a.1.2, and 9a.1.3 of this TO Tariff. In the event the Participating TO concludes that no reasonable alternative exists to the originally planned addition or upgrade and the Project Sponsor or Parties to the Participation Agreement or the ISO disagree, the dispute shall be resolved pursuant to the ISO ADR Procedure

9a.2.2.2 Refund Obligation for Unfinished Facility Additions. If the Participating TO and the Project Sponsor, the ISO, or Parties to the Participation Agreement, as the case may be, mutually agree that no other reasonable alternatives exist, the obligation to construct the requested additions or upgrades shall terminate and any deposit not yet applied toward the expended project

costs shall be returned with interest pursuant to FERC Regulation 35.19(a)(2)(iii). However, the Project Sponsor and any identified principal beneficiaries, as the case may be, shall be responsible for all costs prudently incurred by the Participating TO through the time the construction was suspended.

9a.3 Provisions Relating To Transmission Construction On the Systems Of Other TOs.

9a.3.1 Responsibility for Third Party Additions. A Participating TO shall not be responsible for making arrangements for any engineering, permitting, and construction of any necessary facilities additions on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Participating TO will undertake reasonable efforts through the coordinated planning process to assist in making such arrangements, including, without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

9a.3.2 Coordination of Third-Party System Additions. Where transmission additions or upgrades being built pursuant to the ISO Tariff require additions or upgrades on other systems, to the extent consistent with Section 9a.3.3 of this TO Tariff, the Participating TO shall coordinate construction on its own system with the construction required by others. The Participating TO, after consultation with the ISO, the Project Sponsor, and Parties to the Participation Agreement, as the case may be, may defer construction if the new transmission facilities on another system cannot be completed in a timely manner. The Participating TO shall notify such Project Sponsor, Parties to the Participation Agreement, and the ISO, in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of the new facilities. Within forty Business Days of receiving written notification by the Participating TO of its intent to defer construction pursuant to this section, such Project Sponsor, Parties to the Participation Agreement, or the ISO may challenge the decision in accordance with the ISO ADR Procedure.

9a.3.3 Expansion by “Local Furnishing Participating TOs”. Notwithstanding any other provision of this TO Tariff, prior to requesting that a Local Furnishing Participating TO construct or expand facilities, the ISO or Project Sponsor shall tender (or cause to be tendered) an application under Section 211 of the FPA requesting FERC to issue an order directing the Local Furnishing Participating TO to construct or expand facilities as necessary to provide transmission service as determined pursuant to the ISO Tariff. Such Local Furnishing Participating TO shall thereafter, within ten Business Days of receiving a copy of the Section 211 application, waive its right to a request for

service under Section 213(a) of the FPA and to the issuance of a proposed order under Section 212(c) of the FPA. Upon receipt of a final order from FERC under Section 211 of the FPA that is no longer subject to rehearing or appeal, such Local Furnishing Participating TO shall construct or expand facilities to comply with that FERC order and shall transfer to the ISO Operational Control over the Local Furnishing Participating TO's expanded transmission facilities in accordance with the ISO Tariff.

10. Interconnection Process for Vernon's Interests in COTP, MPP, MAP, and Marketplace Substation. The interconnection process for Vernon's Interests in COTP, MPP, MAP, and Marketplace Substation, which it has turned over to ISO operational control, is as stated in Section 8 above. Section 10a, and its subparts, do not currently apply to those interests or any other Vernon facilities.

10a. Interconnection Process.

10a.1 Applicability. All requests for Interconnection directly to the ISO Controlled Grid from parties eligible to request such Interconnection consistent with Section 210(a) of the FPA shall be processed pursuant to the provisions of this Section 10 which is subject to the applicable interconnection, integration, exchange, operating, joint ownership and joint participation agreements, and the rights and obligations of owners of jointly-owned facilities.

10a.2 Applications. Parties requesting Interconnections shall submit written applications to the Participating TO and shall send a copy of the application to the ISO. The Participating TO shall time-stamp the application to establish study priority.

10a.3 Completed Application. A Completed Application shall provide all of the information listed in 18 CFR § 2.20, including, but not limited to, the following:

- (i) The identity, address, telephone number, and facsimile number of the entity requesting service;
- (ii) The Interconnection point(s) and the location of the transmission addition contemplated by the applicant;
- (iii) The resultant (or new) maximum amount of Interconnection capacity requested at each point which may experience such an increase; and the increased transmission capacity of the transmission addition requested;
- (iv) The proposed date for initiating an Interconnection. In addition to the information specified above, when required to properly evaluate system conditions, the Participating TO also may ask the applicant to provide the following:

- (v) The electrical location of the source of the power (if known) to be transmitted pursuant to the applicant's request for Interconnection. If the source of the power is not known, a system purchase will be assumed;
- (vi) The electrical location of the ultimate load (if known). If the location of the load is not known, a system sale will be assumed; and
- (vii) Such other information as the Participating TO reasonably requires to process the application.

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

10a.4 Notice of Need for System Impact Study. After receiving a Completed Application for Interconnection, the Participating TO shall determine on a nondiscriminatory basis whether a System Impact Study is needed. If the Participating TO determines that a System Impact Study is necessary to accommodate the requested Interconnection, it shall so inform the applicant (and shall send a courtesy copy to the ISO), as soon as practicable. In such cases, the Participating TO shall within twenty Business Days of receipt of a Completed Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study, the estimated time required to complete it, and such other provisions as the parties may reasonably require, and pursuant to which the applicant shall agree to reimburse the Participating TO for the reasonable costs of performing the required System Impact Study. For an Interconnection request to remain a Completed Application, the applicant shall execute the System Impact Study Agreement and return it to the Participating TO within ten Business Days. If the applicant elects not to execute a System Impact Study Agreement, its application shall be deemed withdrawn, and the applicant shall reimburse to the Participating TO and the ISO all costs reasonably incurred in processing the application.

10a.5 System Impact Study Cost Reimbursement and Agreement.

10a.5.1 Cost Reimbursement. The System Impact Study Agreement shall clearly specify the maximum charge, based on the Participating TO's estimate of the cost and time for completion of the System Impact Study. The charge shall not exceed the reasonable cost of the study. In performing the System Impact Study, the Participating TO shall rely, to the extent reasonably practicable, on existing transmission planning studies. The applicant will not be assessed a charge for such existing studies; however, the applicant will be responsible for the reasonable charges associated with any modifications to existing

planning studies that are reasonably necessary to evaluate the impact of the applicant's request.

10a.5.2 Multiple Parties. If multiple parties request Interconnection at the same location, the Participating TO may conduct a single System Impact Study. The costs of that study shall be pro-rated among the parties requesting Interconnection.

10a.6 System Impact Study Procedures. Upon receipt of an executed System Impact Study Agreement, the Participating TO will use due diligence to complete the required System Impact Study within a sixty day period. The System Impact Study shall identify any system constraints which cannot be reasonably accommodated through ISO Congestion Management, such that transmission expansions or upgrades would be required to provide the requested Interconnection. In the event that the Participating TO is unable to complete the required System Impact Study within such time period, it shall so notify the applicant and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the applicant and the ISO. The Participating TO will use the same due diligence in completing the System Impact Study for others as it uses when completing studies for its affiliated UDC. The Participating TO shall notify the applicant and the ISO immediately upon completion of the System Impact Study.

10a.6.1 Failure to Execute an Interconnection Agreement. If the Participating TO finds that the transmission system will be adequate to accommodate all of a request for Interconnection and that no costs are likely to be incurred for new transmission additions or upgrades, the applicant must execute an Interconnection Agreement within ten Business Days of completion of the System Impact Study or the application shall be deemed terminated and withdrawn.

10a.6.2 Facilities Study Procedures. If a System Impact Study indicates that additions or upgrades to the transmission system are needed to meet an applicant's request, the Participating TO shall, within fifteen Business Days of the date of the System Impact Study, tender to the applicant a Facilities Study Agreement that defines the scope, content, assumptions and terms of reference for such study, the estimated time required to complete it, and such other provisions as the parties may reasonably require, and pursuant to which the applicant agrees to reimburse the Participating TO for performing the required Facilities Study. For a service request to remain a Completed Application, the applicant shall execute the Facilities Study Agreement and return it to the Participating TO within ten Business Days. If the applicant elects not to execute a Facilities Study Agreement, its application shall be deemed withdrawn and the applicant shall reimburse to the

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

10a.7 Relevant Sections Apply Upon Receipt of Facilities Study Agreement. Upon receipt of an executed Facilities Study Agreement by the Participating TO, the relevant portions of Sections 9a.1.3 through 9a.3.3 of this TO Tariff shall apply.

10a.8 Partial Interim Service. If the Participating TO determines that there will not be adequate transmission capability to satisfy the full amount of a Completed Application for an increase in the maximum rate of delivery or receipt associated with a new request for Interconnection, the Participating TO nonetheless shall be obligated to offer and provide the portion of the requested Interconnection that can be accommodated without any additions or upgrades. However, the Participating TO shall not be obligated to provide the incremental amount of requested Interconnection that requires the addition of facilities or upgrades to the transmission system until such facilities or upgrades have been placed in service.

10a.9 Expedited Procedures for New Facilities. In lieu of the procedures set forth above, the applicant shall have the option to expedite the process by requesting the Participating TO to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the applicant would agree to compensate the Participating TO for all costs reasonably incurred pursuant to the terms of this TO Tariff. In order to exercise this option, the applicant shall request in writing an Expedited Service Agreement covering all of the above-specified items within twenty Business Days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested Interconnection. The Participating TO shall tender an Expedited Service Agreement within ten Business Days of the applicant's request. While the Participating TO agrees to provide the applicant with its best estimate of the new facility costs and other charges that may be incurred, unless otherwise agreed by the parties, such estimate shall not be binding and the applicant must agree in writing to compensate the Participating TO for all costs reasonably incurred pursuant to the provisions of this TO Tariff. The applicant shall execute and return such Expedited Service Agreement within ten Business Days of its receipt or the applicant's request for Interconnection will cease to be a Completed Application and will be deemed terminated and withdrawn. In that event, the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application not covered by the terms of the System Impact Study Agreement.

11. Uncontrollable Forces and Indemnification.

11.1 Procedures to Follow if Uncontrollable Force Occurs. In the event of the occurrence of an Uncontrollable Force which prevents a Party from performing any of its obligations under this TO Tariff, such Party shall (i) immediately notify the other Parties in writing of the occurrence of such Uncontrollable Force, (ii) not be entitled to suspend performance in any greater scope or longer duration

than is required by the Uncontrollable Force, (iii) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance hereunder, (iv) keep the other Parties apprised of such efforts on a continual basis and (v) provide written notice of the resumption of performance hereunder. Notwithstanding any of the foregoing, the settlement of any strike, lockout, or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the Party to this TO Tariff involved in such strike, lockout, or labor dispute and the requirement that a Party must use its best efforts to remedy the cause of the Uncontrollable Force and mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts, or labor disputes. No Party will be considered in default as to any obligation under this TO Tariff if prevented from fulfilling the obligation due to the occurrence of an Uncontrollable Force.

11.2 Indemnification. A Market Participant shall at all times indemnify, defend, and save the Participating TO harmless from any and all damages, losses, claims, (including claims and actions relating to injury or to death of any person or damage to property), demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Participating TO's performance of its obligations under this TO Tariff on behalf of a Market Participant, except in cases of negligence or intentional wrongdoing by the Participating TO.

12. Regulatory Filings. Nothing contained herein shall be construed as affecting, in any way, the right of Vernon to unilaterally make application to FERC as it deems necessary and appropriate to recover its Transmission Revenue Requirements, or for a change in its terms and conditions, including changes in rate methodology, or for a change in designation of transmission Entitlements to be placed under the ISO's control, pursuant to the applicable FERC rules, regulations, policies, and governing statutes.

13. Miscellaneous.

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

13.2 Waiver. Any waiver at any time by any Party of its rights with respect to any default under this TO Tariff, or with respect to any other matter arising in connection with this TO Tariff, shall not constitute or be deemed a waiver with

respect to any subsequent default or other matter arising in connection with this TO Tariff. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

13.3 Confidentiality.

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

13.3.2 Disclosure of Confidential Information. Notwithstanding anything in this Section 11.3.2 to the contrary, if any Party is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence pursuant to this Section 11.3.2, the Party may disclose such information; provided, however, that as soon as such Party learns of the disclosure requirement and prior to making such disclosure, such Party shall notify the affected Party or Parties of the requirement and the terms thereof. The affected Party or Parties may, at their sole discretion and own costs, direct any challenge to or defense against the disclosure requirement and the disclosing Party shall cooperate with such affected Party or Parties to the maximum extent practicable to minimize the disclosure of the information consistent with applicable law. The disclosing Party shall cooperate with the affected Parties to obtain proprietary or confidential treatment of confidential information by the person to whom such information is disclosed prior to any such disclosure.

13.4 Titles. The captions and headings in this TO Tariff are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the rates, terms, and conditions of this TO Tariff.

13.5 Severability. If any term, covenant, or condition of this TO Tariff or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this TO Tariff and their application shall not be affected thereby but shall remain in force and effect. The Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination, unless a court or

governmental agency of competent jurisdiction holds that such provisions are not severable from all other provisions of this TO Tariff.

- 13.6 Preservation of Obligations.** Upon termination of this TO Tariff, all unsatisfied obligations of each Party shall be preserved until satisfied.
- 13.7 Governing Law.** This TO Tariff shall be interpreted, governed by, and construed under the laws of the State of California, without regard to the principles of conflict of laws thereof, or the laws of the United States, as applicable, as if executed and to be performed wholly within the State of California.
- 13.8 Appendices Incorporated.** The appendices to this TO Tariff are attached to this TO Tariff and are incorporated by reference as if fully set forth herein.
- 13.9 Consistency with ISO Tariff.** This TO Tariff is intended to be consistent with the ISO Tariff, and, if necessary, shall be amended to conform with any changes authorized or required in any final order in FERC Docket No. ER00-2019.
- 13.10 Disputes.** Except as limited by law, the ISO ADR Procedures shall apply to all disputes between parties which arise under this TO Tariff or under or in respect of the proposed terms and conditions of a Facilities Study Agreement, System Impact Study Agreement or Expedited Service Agreement. The ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not apply to disputes as to whether rates and charges set forth in this TO Tariff (other than charges for studies) are just and reasonable under the FPA.

APPENDIX I

Transmission Revenue Requirement and TRBAA

The Vernon Base Transmission Revenue Requirement is **\$10,216,178**.

The TRBAA is a **negative \$40,203** for the 12-month period effective January 1, 2003.

All of Vernon's transmission facilities and Entitlements placed under the ISO's Operational Control are High Voltage Facilities as defined by the ISO Tariff.

The TRBAA will be recalculated annually consistent with the ISO Tariff, approved by the Vernon City Council, and provided to the ISO.

APPENDIX II

NOTICES

Designated Representative:

Mr. Bruce V. Malkenhorst
City Administrator/City Clerk
City of Vernon
4305 Santa Fe Avenue
Vernon, California 90058

Tel. No. (323) 583-8811
Fax No. (323) 581-7924

Authorized by City of Vernon
Ordinance No. 940

Issued on: April 24, 2001

Resolution No. 7751 Effective: January 1, 2001
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