

**DRAFT OF OCTOBER 6, 2000**

AGREEMENT TO SUSPEND PROVISIONS OF PRE-EXISTING TRANSMISSION  
AGREEMENTS

This Agreement, dated as of \_\_\_\_\_, 2001, is by and among  
\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_,  
\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and  
\_\_\_\_\_ (collectively, the "Initial Participating Transmission Owners") and  
RTO West, a Washington non-profit corporation. Each of the Participating Transmission  
Owners and RTO West individually shall be referred to as a "Party" and collectively shall  
be referred to as the "Parties."

**RECITALS**

WHEREAS, each of the Initial Participating Transmission Owners concurrently  
with execution of this Agreement is entering into a Transmission Operating Agreement  
with RTO West; and

WHEREAS, Section 6 of each Transmission Operating Agreement specifies that  
as among all Participating Transmission Owners, RTO West shall replace each Executing  
Transmission Owner as the provider of Transmission Services in each of the Pre-Existing  
Transmission Agreements set out in Exhibit C to the Transmission Operating Agreement;

WHEREAS, Section 16 and Exhibit F of each Transmission Operating  
Agreement specifies the Firm Transmission Rights that each Executing Transmission  
Owner shall receive from RTO West to replace rights held by such Executing  
Transmission Owner under each of the Pre-Existing Transmission Agreements set out in  
Exhibit C to the Transmission Operating Agreement;

and

WHEREAS, the Parties enter this Agreement in order to specify (1) which specific rights and obligations, under each of the Pre-Existing Transmission Agreements specified in Exhibit C to the Transmission Operating Agreement, shall be suspended as of the Transmission Service Commencement Date, (2) the terms and conditions related to such suspensions and (3) the Transfer Payments to be paid by each Party in lieu of payments suspended hereunder with respect to the Pre-Existing Transmission Agreements.

NOW, THEREFORE, in consideration of the mutual benefits to the Parties and for the reasons set forth in the recitals above, the Parties agree as follows:

1. **Definition of Terms.**

Capitalized terms in this Agreement, if not otherwise defined herein, shall have the meaning given such terms in the form of Transmission Operating Agreement executed by each Party concurrently with its execution of this Agreement.

2. **Effective Date.**

This Agreement shall become effective upon its acceptance for filing, confirmation or approval by FERC, without change unacceptable to either Party [, **provided that this Agreement shall not be effective until the Rural Utilities Service also has approved the execution of this Agreement by the Executing Transmission Owner (only for Agreements of Executing Transmission Owners that have loans outstanding from the Rural Utilities Service)**]. If FERC's acceptance for filing, confirmation, or approval of this Agreement as executed or of any other related agreements as executed that a Party is to enter into concurrently with this Agreement is, as a result of rehearing or judicial

review thereof, subsequently revised or modified in a manner unacceptable to any Party, as to such Party this Agreement shall be deemed void ab initio. Any such revision or modification of this Agreement shall be deemed unacceptable to a Party only if that Party provides notice to the other Parties within thirty (30) days of issuance of the applicable FERC action or judicial order that such action or order is unacceptable. By notice given to RTO West within fifteen (15) days of receipt of such notice of termination hereunder by any other Party, any remaining Party may terminate this Agreement and thereby render it void as to such remaining Party ab initio.

3. **Suspension of Rights and Obligations Under Pre-Existing Agreements.** As of the Transmission Service Commencement Date, each of the Parties agrees to suspend rights and obligations under each of the Pre-Existing Transmission Agreements among the Parties as set forth in Exhibit C to the Transmission Operating Agreement. The specific rights and obligations suspended under each of the Pre-Existing Transmission Agreements shall be as set forth in Exhibit A to this Agreement. Any rights and obligations not specified as suspended in Exhibit A shall remain in full force and effect for the term of the Pre-Existing Transmission Agreement and all lawful renewals or extensions thereto. The suspended provisions shall include all those for Transmission Services.

4. **Transfer Payments.** During the Company Rate Period, in lieu of payments previously required under the Pre-Existing Transmission Agreements among the Parties, as well as in lieu of agreed representative levels of payments for short-term firm and non-firm transmission service paid by each of the to the other Parties (which representative levels of short-term firm and non-firm transmission service for each Participating

Transmission Owner shall include the representative levels of such payments by any entity affiliated with such Participating Transmission Owner) prior to the Transmission Service Commencement Date, each of the Initial Participating Transmission Owners agrees that, subject to the rights of each Participating Transmission Owner to its Excess FTR Revenue Allocation as set forth in Exhibit G to the Transmission Operating Agreement, there shall be allocated to the Company Loads of such Initial Participating Transmission Owner the replacement Transfer Payments as set forth in Exhibit B to this Agreement. With respect to Transfer Charges shown in Exhibit B shown as owed to an Initial Participating Transmission Owner other than the Bonneville Power Administration under the heading Short-Term Firm and Non-Firm Wheeling, and payable by or on behalf of an Electric Utility not a Party to this Agreement or a comparable subsequent agreement, the Bonneville Power Administration agrees that such Transfer Charge amounts shall be deemed owed by the Bonneville Power Administrative to the identified recipients. The Parties also have reflected the same Transfer Payments in the Transmission Operating Agreements and in the Payment Agent Agreement concurrently entered into by them.

5. **Preservation of Liabilities.** Notwithstanding any provision of Exhibit A, (1) all amounts accrued under suspended pricing provisions of each of the Pre-Existing Transmission Agreements prior to the Transmission Service Commencement Date shall remain payable in accordance with the terms of the applicable Pre-Existing Transmission Agreement, (2) all liabilities for acts or omissions under any suspended portions of the Pre-Existing Transmission Agreements, applicable to periods prior to the Transmission Service Commencement Date, shall remain until satisfied.

6. **Automatic Renewal of Pre-Existing Transmission Agreements.** Except as otherwise provided in Exhibit A, each Pre-Existing Transmission Agreement listed therein shall be considered to be renewed, on the same terms and conditions as such Pre-Existing Transmission Agreement, by the Parties thereto at the end of its stated term, but with the provisions specified as suspended to remain suspended, for a term ending the earlier of (1) the date when Exhibit A specifies that the Firm Transmission Rights terminate with respect to such Pre-Existing Transmission Agreement or (2) the later of (A) the end of the initial term of such Pre-Existing Transmission Agreement or (B) ninety (90) days after the Transmission Owner providing services thereunder withdraws from RTO West.

7. **Withdrawal of an Initial Participating Transmission Owner from RTO West.**

If any of the Initial Participating Transmission Owners terminates its Transmission Operating Agreement, other than as provided in Section 2 of this Agreement, the following shall apply: (1) As of the effective date of termination, all rights and obligations of the terminating Party as a provider of service under the Pre-Existing Transmission Agreements listed in Exhibit A shall recommence and all rights and obligations of any other Initial Participating Transmission Owner entitled to receive to such service also shall recommence; (2) the schedule of Transfer Payments in Exhibit B to this Agreement, in the RTO West rate schedules and in the Payment Agent Agreement shall be revised to remove all amounts owed the terminating Party; and (3) all suspended provisions of the Pre-Existing Transmission Agreements listed in Exhibit A that relate to the provision of services to the terminating Party, and all obligations of the terminating party with respect to such services provided to it, shall remain suspended for so long as

the providing party remains a party to the Transmission Operating Agreement and RTO West remains able to provide the suspended service.

8. **Recovery of Stranded Costs Pursuant to Suspended Pre-Existing**

**Transmission Agreements.** The suspension of the pricing provisions of Pre-existing Transmission Agreement provisions pursuant to Exhibit A and the establishment of replacement Transfer Payments pursuant to Exhibit B shall not be deemed a suspension of the ability to recover Stranded Costs under such agreements. All Parties shall be allowed to preserve all the arguments available to them in the period prior to executing the RTO West Operating Agreement in support of or in opposition to payment of such Stranded Costs, and no Party shall argue that the execution of this Agreement in any manner constituted a waiver of or otherwise would impact such arguments.

9. **Dispute Resolution.** Any dispute related to the suspension of rights and obligations hereunder shall be resolved by the dispute resolution processes as set forth in Section 21 of the form of Transmission Operating Agreement concurrently executed by the Parties.

10. **Miscellaneous.**

10.1 **Notices.**

**10.1.1 Permitted Methods of Notice.** Any notice, demand, or request in accordance with this Agreement, unless otherwise provided in this Agreement, shall be in writing and shall be deemed properly served, given, or made to the address of the receiving Party set forth below: (1) upon delivery if delivered in person; (2) five (5) days after deposit in the mail, if sent by first class United States or Canadian mail, postage

prepaid; (3) upon receipt of confirmation by return electronic facsimile if sent by facsimile; or (4) upon delivery if delivered by prepaid commercial courier service.

The address of \_\_\_\_\_ shall be:

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

Attn: \_\_\_\_\_

Telecopy: \_\_\_\_\_

**[Include the addresses of each Party]**

10.1.2 **Change of Notice Address.** Either Party may at any time, by notice to the other Party, change the designation, address or telecopy number of the person specified to receive notice on its behalf.

10.2 **Amendment.** This Agreement may not be modified except by subsequent mutual written agreement, duly executed by all of the Parties; provided that the provisions of Exhibit A and the Transfer Payments with respect to a Pre-Existing Transmission Agreement may be modified by agreement of all parties to such agreement or payment and RTO West.

10.3 **Construction of Agreement.** Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but shall be construed in a manner that most accurately reflects the purpose of this Agreement and the nature of the rights and obligations of the Parties with respect to the matter being construed.

10.4 **Governing Law.** This Agreement shall in all respects be interpreted, construed and enforced in accordance with the laws of the State of Washington (without

reference to rules governing conflicts of law), except to the extent that such laws may be preempted by the laws of the United States of America or of Canada, as applicable; provided, however, that notwithstanding the foregoing, if the Executing Transmission Owner is a United States government entity (including but not limited to a federal power marketing administration), this Agreement shall in all respects be interpreted, construed, and enforced in accordance with the laws of the United States.

10.5 **Singular and Plural; Use of “Or”.** Any use of the singular in this Agreement also includes the plural and any use of the plural also includes the singular, and references to “or” shall be deemed to be disjunctive but not necessarily exclusive.

10.6 **Headings for Convenience Only.** The section headings in this Agreement are intended for convenience and reference only, and are not intended to define, limit, or describe the scope or intent of any provisions of this Agreement.

10.7 **No Third Party Beneficiaries.** This Agreement shall not be construed to create rights in, or to grant remedies to, any third party as a beneficiary of this Agreement or of any duty, obligation or undertaking established herein.

10.8 **Non-Waiver.** Any waiver at any time by any Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any other default or other matter arising in connection with this Agreement. Any waiver must be delivered in writing, executed by an authorized representative of the Party granting such waiver. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

10.9 **Exhibits Incorporated.** Exhibits A and B are attached to this Agreement and are incorporated by reference as if herein fully set forth.

10.10 **Further Actions and Documents.** Each Party agrees to do all things, including but not limited to the preparation, execution, delivery, filing and recording of any instruments or agreements, reasonably requested by the other Party to carry out the provisions of this Agreement.

10.11 **Counterparts.** This Agreement may be executed in counterparts, which may be executed at different times. Each counterpart shall constitute an original but both counterparts together shall constitute one and the same instrument.

10.12 **Governing Agreement.** In the event of a conflict between the terms of this Agreement and the terms of (1) RTO West Tariff, or (2) the Executing Transmission Owner Rate Schedules, the terms of this Agreement shall govern.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in their respective names.

**[Execution Lines]**

EXHIBIT A

PROVISIONS OF PRE-EXISTING TRANSISSION AGREEMENTS TO BE

SUSPENDED

EXHIBIT B

ANNUAL TRANSFER CHARGE AMOUNTS

The Executing Transmission Owner agrees that for purposes of calculating Company Rates, the Transfer Charges set forth herein and applicable to the Executing Transmission Owner shall be applied during the Company Rate Period.

**Electric Utility -- Bonneville Power Administration**

A. Transfer Charges payable to:

(1) Utility A

(a) Long-Term Wheeling Agreements

(list agreement, duration and amount)

(b) Short-Term Firm and Non-Firm Wheeling

(list amount) [**Note: Amounts listed will include the total of all such**

**Short-Term Firm and Non-Firm wheeling received revenues from the Electric Utilities and from its affiliates.]**

(2) Utility B, etc.

B. The Bonneville Power Administration does/does not elect for the Transfer Charge adjustment provisions of this Exhibit B to apply to all Transfer Charges set forth above (other than those Transfer Charges identified above as non-adjustable under applicable Pre-Existing Transmission Agreements.)

C. Lost Revenue Recovery Amount:

(list amount)

**[Repeat the same listings for every potential Participating Transmission Owner with Transfer Charge rights or obligations, including Canadian entities and Electric Utilities served under Company Rates of Participating Transmission Owners.**

Transfer Charge adjustment: If a Participating Transmission Owner has elected not to apply the Transfer Charge adjustment, its Transfer Charge receipts as shown above shall not be subject to increase or decrease during the Company Rate Period. If a Participating Transmission Owner has elected to apply the Transfer Charge adjustment, upon any filing of a Company Cost change (subsequent to the initial Company Cost filing), RTO West shall determine the increase or decrease in such Participating Transmission Owner's unit transmission costs, based on such Participating Transmission Owner's actual transmission costs during an historical period and pursuant to a formula to be determined by RTO West and to be specified in an amendment to the RTO West Tariff. Such unit cost percentage increase or decrease shall be applied to adjust all Transfer Charges specified in this Exhibit B as owed to such Participating Transmission Owner, other than those Transfer Charges identified above as non-adjustable under applicable Pre-Existing Transmission Agreements.