

ATTACHMENT A

RTO WEST TRANSMISSION OPERATING AGREEMENT

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- Exhibit A — Schedule of Definitions
- Exhibit B — Transmission Facilities
- Exhibit C — Pre-Existing Transmission Agreements
- Exhibit D — RTO West Controlled Transmission Facilities
- Exhibit E — RTO West Critical Control Facilities
- Exhibit F — Catalogued Transmission Rights and Congestion Management Assets
- Exhibit G — Company Rates
- Exhibit H — Annual Transfer Charge Amounts
- Exhibit I — External Interface Access Fee, Replacement Revenue Pool and Backstop Recovery Mechanism
- Exhibit J — Grid Management Charge
- Exhibit K — Form of Agreement To Suspend Provisions of Pre-Existing Transmission Agreements
- Exhibit L — Form of Paying Agent Agreement
- Exhibit M — Copy of Executing Transmission Owner’s Security Coordination Agreement with Pacific Northwest Security Coordinator
- {Exhibit N — *Exhibit for Executing Transmission Owners that elect to designate Certain Distribution Facilities: Certain Distribution Facilities*}
- Exhibit O — Allocation of Functions Between RTO West and Independent Operator
- Exhibit P — Dispute Resolution Process

RTO WEST TRANSMISSION OPERATING AGREEMENT

This Agreement, dated as of _____, 200__, is by and between RTO West, a Washington nonprofit corporation, and _____, a _____ (the “Executing Transmission Owner”). RTO West and the Executing Transmission Owner each is referred to herein as a “Party” and collectively are referred to as the “Parties.”

RECITALS

WHEREAS, along with the Executing Transmission Owner, the following Initial Participating Transmission Owners are executing Transmission Operating Agreements with the same effective date as this Agreement:

_____ ; and

WHEREAS, each of the Initial Participating Transmission Owners owns and operates electric transmission systems that are used for the interstate transmission of electric power and energy; and

WHEREAS, each of the Initial Participating Transmission Owners owns and operates transmission systems that are directly or indirectly interconnected with the transmission systems of each of the other Initial Participating Transmission Owners; and

WHEREAS, FERC, in Orders 2000 and 2000A in Docket Nos. RM99-2-000 and RM99-2-001 and 18 C.F.R. § 35.34, set out characteristics and functions for regional transmission

organizations and required every public utility that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce to file with FERC no later than October 15, 2000 a proposal to participate in a regional transmission organization or an alternative filing as set out in 18 C.F.R. § 35.34; and

WHEREAS, FERC granted approval of this Agreement on _____; and

WHEREAS, RTO West intends to develop and implement rates as set out in Section 17 to recover revenues adequate to meet the annual revenue requirements of the Participating Transmission Owners, plus the operating and implementation costs of RTO West;

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

NOTE: Text enclosed in curly brackets (“{ }”) and shown in italics is for inclusion in the Transmission Operating Agreements for Participating Transmission Owners that elect to include Certain Distribution Facilities.

1. Definition of Terms.

Capitalized terms in this Agreement have the meaning set out in the Schedule of Definitions attached as Exhibit A to this Agreement.

2. Effective Date; Operations Date(s); Termination.

2.1 Effective Date. This Agreement shall become effective upon the acceptance for filing by FERC of this Agreement as executed, and of any other agreement related to participation

in RTO West entered into by the Parties concurrently with this Agreement, without change unacceptable to either Party (the “Effective Date”) [**only for Transmission Operating Agreements of Executing Transmission Owners that have loans outstanding from the Rural Utilities Service; 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**]. Any such change shall be deemed unacceptable to a Party only if that Party provides notice to the other Party, within thirty (30) days of issuance of the applicable FERC action, that such change is unacceptable. If FERC’s acceptance for filing of this Agreement as executed, or of any such other related agreement, is, as a result of rehearing or judicial review thereof, subsequently revised or modified in a manner unacceptable to either 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 Party, within thirty (30) days of issuance of the applicable FERC action or judicial order, that such action or order is unacceptable. RTO West shall promptly provide further notice to the Executing Transmission Owner if RTO West or the party to any other Transmission Operating Agreement, or to a related agreement executed by an Initial Participating Transmission Owner, provides notice of termination of a Transmission Operating Agreement based on the revision or modification of such agreement by FERC or as a result of rehearing or judicial review thereof. By notice given to RTO West within fifteen (15) days of receipt of such notice from RTO West, the Executing Transmission Owner may terminate this Agreement and thereby render it void ab initio.

2.2 RTO West Operations Dates. RTO West shall exercise all reasonable efforts to provide all Transmission Services on or before _____.

2.3 Termination by the Executing Transmission Owner.

2.3.1 Termination Without Cause. The Executing Transmission Owner may terminate this Agreement for any reason upon two (2) years' prior written notice.

2.3.2 Termination as a Result of RTO West's Breach of This Agreement. If RTO West is not complying with its obligations to the Executing Transmission Owner under this Agreement, the Executing Transmission Owner may demand that RTO West take appropriate corrective action. In the event that RTO West does not provide adequate assurance that it will take appropriate corrective action, and then take such action within a reasonable time, the Executing Transmission Owner may immediately terminate this Agreement. This right to terminate shall be in addition to, and not in lieu of, any other remedies the Executing Transmission Owner may have and is not subject to Dispute Resolution.

2.3.3 Termination by Executing Transmission Owner Because of State or Local Taxation of RTO West with Respect to Federal Transmission Facilities. If a State or local government imposes any utility, use, property, leasehold, excise, possessory interest or similar tax upon RTO West with respect to its use, operation or control of real or personal property owned by a federal Participating Transmission Owner, the Executing Transmission Owner may terminate this Agreement within a reasonable time thereafter.

2.3.4 Termination for Other Reasons. The Executing Transmission Owner may immediately terminate this Agreement upon written notice to RTO West if any of the following occur: (1) failure of RTO West to allocate taxes as set forth in Section 25.20 of this Agreement for any reason, including, without limitation, Uncontrollable Forces; (2) FERC's use of this Agreement, the activities of RTO West or the Executing Transmission Owner's transactions with

RTO West to assert authority over the generation or power sales activities of the Executing Transmission Owner; or (3) termination of the Transmission Operating Agreement of the Bonneville Power Administration (“Bonneville”).

2.4 Requirements Related to Termination.

2.4.1 Replacement of Load Integration Agreements and Generation

Integration Agreements. Before, and as a condition of, termination under Section 2.3, the Executing Transmission Owner shall either (1) have negotiated in good faith with, and shall have offered a replacement integration agreement to, each entity that has a Generation Integration Agreement or a Load Integration Agreement with RTO West and that is interconnected with the Executing Transmission Owner’s Electric System or (2) through assignment, assume the rights and obligations of RTO West pursuant to such agreement(s). Upon notification of the Executing Transmission Owner’s intention to terminate this Agreement and receipt of its request that one or more Generation Integration Agreements or Load Integration Agreements be assigned to it, RTO West shall assign such agreements to the Executing Transmission Owner. Subject to any limitation imposed by FERC, any replacement integration agreement shall have terms and conditions comparable to the terms and conditions of the form of Generation Integration Agreement or Load Integration Agreement executed by such entity.

2.4.2 Service Under Converted Pre-Existing Transmission Agreements.

Upon termination of this Agreement by the Executing Transmission Owner, the suspended rights and obligations that relate to the provision of services by the Executing Transmission Owner under any converted Pre-Existing Transmission Agreements shall recommence, as provided in the Agreement To Suspend Provisions of Pre-Existing Transmission Agreements And Obligations

under Section 9.3. However, all suspended rights and obligations that relate to the receipt of services by the Executing Transmission Owner pursuant to such Pre-Existing Transmission Agreements shall remain suspended, and the other parties to such Pre-Existing Transmission Agreements shall not be required to provide such services for so long as RTO West remains able to provide the suspended services.

2.5 Preservation of Obligations upon Termination. Upon termination of this Agreement for any reason, all unsatisfied obligations of each Party incurred under this Agreement shall be preserved until satisfied. In addition, if Participating Transmission Owners whose Transmission Facilities *{and Certain Distribution Facilities}*, together with the Transmission Facilities *{and Certain Distribution Facilities}* of the Executing Transmission Owner, serve loads whose cumulative payments recover one-half or more of RTO West's costs give notice (within one (1) year before or after the Executing Transmission Owner's termination) of their intent to terminate their Transmission Operating Agreements, with such termination to be no later than two (2) years after the date of notice, the obligations of the Executing Transmission Owner following its termination shall also include a share of RTO West's net costs, if any, of terminating RTO West's operations and winding up its corporate existence, if RTO West is dissolved. The Executing Transmission Owner's share of such net costs (including any portion of the net costs not collectible from other Participating Transmission Owners) shall equal the ratio of the Company Costs (or such other rates, charges or fees that may apply after the Company Rate Period) established by the Executing Transmission Owner for use of the Transmission Facilities pursuant to Section 16.2 of this Agreement to the total of the Company Costs (or such other rates, charges or fees that may apply after the Company Rate Period) so established by all Participating

Transmission Owners from which RTO West is entitled to collect payments assessed for its costs of terminating operations and winding up.

2.6 Agreements of Third Parties with RTO West for Use of the Transmission Facilities. After termination of this Agreement, the Executing Transmission Owner shall provide to RTO West such transmission services over the Transmission Facilities *{and Certain Distribution Facilities}* as are needed for RTO West to provide all continuing Transmission Service required by agreements entered into between RTO West and third parties pursuant to the RTO West Tariff between the Transmission Service Commencement Date and the date the termination of this Agreement becomes effective. RTO West shall pay to the Executing Transmission Owner as compensation for such transmission services an amount equal to the compensation the Executing Transmission Owner would have received pursuant to Section 16 in connection with such third-party service if this Agreement had remained in effect.

3. Additional Participating Transmission Owners.

3.1 Execution of Additional RTO West Transmission Operating Agreements. RTO West may execute additional Transmission Operating Agreements or amendments to other Transmission Operating Agreements.

3.1.1 Amendment of Agreement with Bonneville. Certain provisions of the Transmission Operating Agreement offered to Bonneville are different from the terms of the Transmission Operating Agreement offered to other Initial Participating Transmission Owners in order to comply with laws and regulations applicable to Bonneville. Should the laws and regulations governing Bonneville be amended in such a manner that the Bonneville Administrator

has the authority to agree to one or more provisions identical to those offered other Initial Participating Transmission Owners, the Bonneville Administrator shall so notify RTO West and RTO West shall offer to amend Bonneville's Transmission Operating Agreement, and Bonneville shall accept such amendment, to conform to applicable law and to the terms or conditions of other Initial Participating Transmission Owners' Transmission Operating Agreements. Whether the Bonneville Administrator has the authority to agree to a particular provision identical to that offered to other Initial Participating Transmission Owners is not subject to Dispute Resolution.

[For inclusion in Transmission Operating Agreements of Initial Participating Transmission Owners other than Bonneville: The Executing Transmission Owner hereby consents to such conforming amendments.]

3.2 Challenges to Additional Transmission Operating Agreements and Agreements Pursuant to Section 4.

3.2.1 Notice to Executing Transmission Owner. RTO West shall provide the Executing Transmission Owner thirty (30) days' notice of RTO West's intention to enter into (1) any Transmission Operating Agreement (other than the Transmission Operating Agreements with the Initial Participating Transmission Owners), (2) any amendment to any Transmission Operating Agreement or (3) any agreement or amendment thereto entered into under Section 4 of this Agreement. RTO West shall provide with such notice a complete copy of such agreement or amendment, including any related exhibits.

3.2.2 Objections by Executing Transmission Owner. By notice to RTO West, delivered within thirty (30) days of receipt of RTO West's notice specified in Section 3.2.1, the Executing Transmission Owner may object to such agreement or amendment, but only on the

following grounds: (1) that RTO West's compliance with the requirements of such agreement or amendment will violate the terms of this Agreement, (2) that such agreement or amendment may impair rights granted under this Agreement or (3) that such agreement or amendment provides a party to a proposed Transmission Operating Agreement undue preferential treatment by RTO West or results in undue discrimination against the Executing Transmission Owner.

3.2.3 Dispute Resolution; Execution of New Agreement or Amendment. Any objection raised by the Executing Transmission Owner pursuant to Section 3.2.2 shall be subject to Dispute Resolution. A party to a proposed agreement or amendment referred to in Section 3.2.1 shall have the rights of a party in such Dispute Resolution. The agreement or amendment shall not be executed by RTO West until the later of (1) thirty-five (35) days after the notice is given to the Executing Transmission Owner pursuant to Section 3.2.1, if the Executing Transmission Owner does not provide notice of objection pursuant to Section 3.2.2; or (2) if notice of objection is given by the Executing Transmission Owner, after conclusion of the Dispute Resolution, with a determination that the objections to the agreement or amendment are unfounded or have been resolved.

3.3 Most-Favored-Nation Option. If a Transmission Operating Agreement entered into after the date of this Agreement, or an amendment to an existing Transmission Operating Agreement, contains terms that differ from the provisions contained in this Agreement, other than as necessary to accommodate differences between the Executing Transmission Owner and the other affected Participating Transmission Owner (with the fact that the Participating Transmission Owner signed its Transmission Operating Agreement at a later time than the Executing Transmission Owner not being such a permissible difference), RTO West agrees at the Executing

Transmission Owner's request to amend this Agreement to incorporate terms that provide benefits comparable to those provided by the terms contained in such new Transmission Operating Agreement or amendment to an existing Transmission Operating Agreement. The provisions of Section 3 are also applicable to an agreement under Section 4.2.1 or an agreement with an Independent Operator under Section 4.2 to the extent that the Independent Operator performs any functions comparable to those of the Executing Transmission Owner under this Agreement and with respect only to those functions.

4. Canadian Participation. RTO West may enter into contractual arrangements with one or more Canadian entities in one of the three following manners:

4.1 Participating Transmission Owners in RTO West. RTO West may invite a Canadian entity to participate in the RTO West market structure as a Participating Transmission Owner in RTO West and execute additional Transmission Operating Agreements with owners or operators of transmission facilities within Canada subject to, and in accordance with, the provisions of Section 3.

4.2 Seamless Market Structure with Independent Operator. RTO West may also invite an Independent Operator to participate in the RTO West market structure and may execute agreements with such Independent Operator on terms that enable RTO West and any such Independent Operator to operate the transmission facilities under their respective control as a single NERC-certified control area (preserving, if desired, the ability of the Independent Operator or RTO West to resume independent operation of its respective transmission facilities under emergency conditions) with the functions of RTO West and the Independent Operator allocated in

accordance with Exhibit O in a manner that achieves the benefits of a single control area operation and is consistent with decisions or orders of applicable regulatory authorities in Canada and the United States so as to provide a market structure with seamless, non-discriminatory, open access transmission services across those facilities. Such market structure shall include provisions that provide for common or substantially identical matters as follows: tariffs, business practices, standards of conduct, alternative dispute resolution procedures, congestion management system, pricing scheme (including any price mitigation adopted by RTO West and the Independent Operator), ancillary services market and market monitoring scheme across the transmission facilities under the control of RTO West and the Independent Operator. In order to implement the allocation of functions described in Exhibit O and for the other purposes of this section, the agreement may also provide for the provision of services by RTO West to an Independent Operator, or by the Independent Operator to RTO West. The agreement shall also include provisions to ensure, to the maximum extent practicable, that (1) the transmission services offered by each of RTO West and such Independent Operator are administered in a consistent manner and (2) consistent with Section 4.2.1, the rights and obligations of Participating Transmission Owners with facilities under the control of RTO West and transmission owners with facilities under the control of the Independent Operator are the same. RTO West shall enforce the agreement with the Independent Operator.

4.2.1 Agreements Between an Independent Operator and Canadian

Transmission Owners. Any agreements entered into by RTO West pursuant to Section 4.2 shall require that, if the Independent Operator is not the owner of all transmission facilities under its control, the Independent Operator shall enter into agreements with other owners of transmission

facilities under its control, on terms identical to the Executing Transmission Owner's Transmission Operating Agreement other than (1) as necessary to accommodate differences between those owners of transmission facilities and the Executing Transmission Owner and the other affected Participating Transmission Owners (with the fact that the Canadian owner of transmission facilities signed its operating agreement with the Independent Operator at a later time not being such a permissible difference) or (2) as required by a Canadian Regulatory Authority; provided, however, that agreements with owners of transmission facilities are not required to the extent the Independent Operator has control of transmission facilities by operation of law sufficient to permit it to satisfy the provisions of Section 4.2.

4.2.2 Material Differences. Any agreement entered into between RTO West and an Independent Operator pursuant to Section 4.2 shall provide a right to terminate such agreement if a material difference develops between the requirements of FERC and the requirements of a Canadian Regulatory Authority such that the seamless, non-discriminatory and open-access-transmission market structure described in Section 4.2 is materially adversely affected, and RTO West shall terminate the agreement in the event of such material adverse effect.

4.3 Seams Agreement. As an alternative to agreements under Sections 4.1 or 4.2, RTO West may enter into an agreement or arrangement with a Canadian entity or entities to promote reliability and market interface compatibility with the RTO West market structure.

4.4 Certain Agreements Not Transmission Operating Agreements. An agreement between RTO West and an Independent Operator under Section 4.2 or between RTO West and a Canadian entity under Section 4.3 is not a Transmission Operating Agreement for the purposes of this Agreement.

5. Integration and Physical Interconnection.

5.1 Adoption and Application of Interconnection Standards. The Executing Transmission Owner's interconnection standards shall be applied to the Electric System of the Executing Transmission Owner. RTO West may adopt interconnection standards applicable to the Electric System of the Executing Transmission Owner that supersede in whole or in part the interconnection standards of the Executing Transmission Owner, provided such standards (1) are consistent with applicable regulatory requirements and industry standards and (2) do not have a material adverse impact on the Executing Transmission Owner's Electric System or Interconnected Loads (including financial impacts). Such RTO West interconnection standards shall be developed through an open public process that affords interested parties an opportunity for meaningful participation. The Executing Transmission Owner may contest any such new standards through Dispute Resolution. RTO West agrees to take appropriate actions to protect the Executing Transmission Owner's Electric System in the event of the failure of the interconnecting party to comply with any applicable interconnection standards. The Generation Integration Agreement and Load Integration Agreement (attached as service agreements to the RTO West Tariff) will incorporate any applicable interconnection standards.

5.2 Integration. RTO West shall develop and implement policies concerning requirements for generators to execute Generation Integration Agreements and for loads to execute Load Integration Agreements in connection with receiving Transmission Services from RTO West. If the Executing Transmission Owner receives a request from a generator wishing to interconnect with the Executing Transmission Owner's Electric System, the Executing Transmission Owner

shall provide prompt notice to RTO West. At RTO West's request, the Executing Transmission Owner shall require the party requesting interconnection to execute a Generation Integration Agreement with RTO West. In addition, at RTO West's request, the Executing Transmission Owner shall require any load requesting interconnection with the Executing Transmission Owner's Electric System to execute a Load Integration Agreement with RTO West. The requirements of this Section 5.2 are subject to any exception to the interconnection standards that may be established by RTO West pursuant to the procedures set forth in Section 5.1.

5.3 New Physical Interconnections.

5.3.1 Executing Transmission Owner's Obligation To Permit New Physical Interconnections. The Executing Transmission Owner shall permit new physical interconnections with the Electric System of the Executing Transmission Owner requested by an Electric Utility to serve its new or existing loads or by a Generation Owner seeking to interconnect new or existing electric generation facilities, subject only to (1) compliance with reasonable terms and conditions (including payment by the third party of the cost of such interconnection) relating to such physical interconnection; (2) receipt of all necessary approvals from federal, State, tribal and local authorities having jurisdiction in the matter; (3) compliance with any applicable environmental assessment, planning, reliability and operational requirements; and (4) appropriate mitigation of any negative physical impacts to any Electric System or its operational capability. Nothing herein shall be interpreted to prohibit the Executing Transmission Owner from adopting a no-action alternative under applicable environmental law; provided that any such decision shall be subject to Dispute Resolution as provided herein. The Executing Transmission Owner shall reasonably cooperate with such Electric Utility or Generation Owner that requests any new physical

interconnection with the Electric System to (i) reach a mutually acceptable agreement governing the construction, financing, ownership, maintenance, operation and other pertinent obligations relating to any such physical interconnection; (ii) obtain necessary approvals from federal, State, tribal and local authorities having jurisdiction in the matter; and (iii) comply with applicable environmental assessment, planning, reliability and operational requirements.

5.3.2 RTO West’s Right To Compel Expedited Dispute Resolution in Cases of Delay or Impasse. If, within sixty (60) days following an Electric Utility’s or a Generation Owner’s request for new physical interconnection with the Electric System of the Executing Transmission Owner (or such extended period as agreed to by the Executing Transmission Owner and such requesting party or as necessary to comply with applicable environmental requirements or to obtain necessary approvals from federal, State, tribal and local authorities having jurisdiction in the matter), the Executing Transmission Owner and the requesting party have not reached a mutually acceptable agreement with respect to such physical interconnection, RTO West shall have the right to require the Executing Transmission Owner to participate in an expedited RTO West Arbitration Process with the requesting party to resolve any disputes concerning appropriate terms and conditions governing such physical interconnection. The expedited RTO West Arbitration Process shall include provisions that conform substantially to Section 20.7 of this Agreement.

5.4 Pre-Existing Generation Interconnections.

5.4.1 Replacement of Integration Provisions with a Generation Integration Agreement. Upon request by any Generation Owner interconnected with the Electric System of the Executing Transmission Owner, the Executing Transmission Owner shall negotiate in good

faith to allow replacement of the integration provisions of any agreement between the Executing Transmission Owner and the Generation Owner with a Generation Integration Agreement between the Generation Owner and RTO West. The requirement under this Section 5.4.1 to negotiate in good faith shall apply only to Generation Owners that would be required under RTO West policies to execute a Generation Integration Agreement upon request to establish a new interconnection.

5.4.2 Negotiation of Instructions for Access to RTO West Transmission

System. To the extent permitted by RTO West's policies concerning the applicability of the Generation Integration Agreement and as an alternative to negotiation under Section 5.4.1 or upon failure of such negotiation to reach agreement, the Executing Transmission Owner shall negotiate in good faith with the Generation Owner instructions to RTO West, consistent with any pre-existing agreement for generation facility interconnection and integration between the Executing Transmission Owner and the Generation Owner, that will govern the terms and conditions of integration with the RTO West Transmission System.

5.4.3 RTO West's Right To Compel Expedited Dispute Resolution in Cases of

Delay or Impasse. If, within sixty (60) days after a Generation Owner's request pursuant to Section 5.4.2 to negotiate with the Executing Transmission Owner instructions to integrate with the RTO West Transmission System (or such extended period as agreed to by the Executing Transmission Owner and the Generation Owner), the Executing Transmission Owner and the requesting Generation Owner have not presented mutually acceptable instructions to RTO West, RTO West shall have the right to require the Executing Transmission Owner to participate in an expedited RTO West Arbitration Process with the requesting Generation Owner to resolve any

disputes concerning such instructions. The expedited RTO West Arbitration Process shall include provisions that conform substantially to Section 20.7 of this Agreement.

6. RTO West's Provision of Transmission Services.

6.1 RTO West's Operational Control of Transmission Facilities.

6.1.1 Initial RTO West Controlled Transmission Facilities. The Executing Transmission Owner has included all of its RTO West Controlled Transmission Facilities in Exhibits B and D. On and after the Transmission Service Commencement Date, RTO West shall exercise Operational Control over all RTO West Controlled Transmission Facilities.

6.1.2 Additional RTO West Controlled Transmission Facilities. If the Executing Transmission Owner constructs, purchases or otherwise acquires additional transmission facilities that meet the definition of RTO West Controlled Transmission Facilities or if, as a result of a transmission facility upgrade or new interconnection or other factors, additional transmission facilities of the Executing Transmission Owner come to meet the definition of RTO West Controlled Transmission Facilities, the Executing Transmission Owner shall amend Exhibits B and D to include such newly acquired or defined facilities upon (1) receipt of notice of such a determination from RTO West, made after consultation with the Executing Transmission Owner and a resolution of the RTO West Board of Trustees or (2) issuance of an order or orders by the appropriate regulatory bodies (subject to regulatory review as applicable). The determination by RTO West that such additional transmission facilities meet the definition of RTO West Controlled Transmission Facilities is subject to Dispute Resolution; provided that the Executing

Transmission Owner shall include the additional transmission facilities as RTO West Controlled Transmission Facilities, pending the final disposition of Dispute Resolution.

{6.1.2.1 Certain Distribution Facilities. *The Executing Transmission Owner has included all of its Certain Distribution Facilities on Exhibit N. As provided in Section 6.5, RTO West shall provide Transmission Services over such Certain Distribution Facilities. The Executing Transmission Owner shall cooperate with RTO West to facilitate RTO West's provision of Transmission Services over such Certain Distribution Facilities, subject to applicable State regulation governing the use of such facilities, by (1) maintaining the adequacy of those facilities needed to enable RTO West to provide Transmission Services to wholesale customers and interconnected load, (2) applying to generators interconnected with the Executing Transmission Owner's facilities other than RTO West Controlled Transmission Facilities necessary operational limitations applicable to the generator's integration with the RTO West Controlled Transmission System, (3) facilitating the resolution of customer complaints about Transmission Services over these facilities; and (4) providing RTO West with information, including metering data, reasonably needed to meet RTO West's reliability, operational or other responsibilities in providing Transmission Services. }*

6.1.3 Other Transmission Facilities. This Section 6.1.3 applies to Transmission Facilities that are not RTO West Controlled Transmission Facilities. The Executing Transmission Owner may from time to time at its election add to or, subject to FERC approval if applicable, remove from Exhibit B Transmission Facilities that are not RTO West Controlled Transmission Facilities as identified in Exhibit D. As provided in Section 6.4, RTO West shall provide Transmission Services over such additional Transmission Facilities in Exhibit B. The Executing

Transmission Owner shall cooperate with RTO West to facilitate RTO West's provision of Transmission Services over such Transmission Facilities, by (1) providing notice to its affected customers and RTO West of switching actions; (2) maintaining the adequacy of these facilities as needed to enable RTO West to provide Transmission Services to wholesale customers and interconnected load; (3) applying to generators interconnected with the Executing Transmission Owner's facilities other than RTO West Controlled Transmission Facilities necessary operational limitations applicable to the generator's integration with the RTO West Controlled Transmission System; (4) informing RTO West about planning and maintenance scheduling, including reasonable advance notification concerning planned outages, and planning and maintenance decisions that foreseeably affect RTO West's provision of Transmission Services; (5) facilitating resolution of customer complaints about Transmission Service over these facilities; and (6) providing RTO West with information, including metering data, reasonably needed to meet its reliability, operational or other responsibilities in providing Transmission Services.

6.2 Obligations of Executing Transmission Owner To Support Provision of Transmission Service.

6.2.1 RTO West's Right To Make Determinations and Allocations Related to Reductions in Capability. The Executing Transmission Owner shall be obligated to provide Congestion Management Assets as provided in Section 8.4. If, subject to Section 8.4.4, RTO West at any time determines that the aggregate capability of the Executing Transmission Owner's Transmission Facilities *{and Certain Distribution Facilities}*, together with any additional Congestion Management Assets provided by the Executing Transmission Owner (1) has decreased as measured against their aggregate capability as of the Transmission Service Commencement

Date and (2) has become insufficient to enable RTO West to meet all of the Transmission Service obligations that are outstanding as of the date of RTO West's determination, RTO West shall provide written notice to the Executing Transmission Owner. RTO West's notice shall include RTO West's determination of the extent to which (i) restoration of the Executing Transmission Owner's Congestion Management Assets is necessary to meet the requirements of Section 8.4.2 and (ii) additional Available System Capacity is needed to satisfy outstanding Transmission Service obligations other than those for which Participating Transmission Owners are obligated to provide Congestion Management Assets.

6.2.1.1 Executing Transmission Owner's Obligation To Restore Congestion Management Assets. Promptly following receipt of notice from RTO West under Section 6.2.1 above, the Executing Transmission Owner shall restore its Congestion Management Assets as provided in Section 8.4.2.

6.2.1.2 RTO West's Right To Arrange for and Allocate Costs of Necessary Additions to Available System Capacity. If RTO West's determination under Section 6.2.1 above includes a finding that additional Available System Capacity is needed to satisfy outstanding Transmission Service obligations other than those for which Participating Transmission Owners are obligated to provide Congestion Management Assets, RTO West shall have the right, subject to Section 15.2, to arrange for an upgrade or expansion of the RTO West Controlled Transmission System under Section 14.2 *{or to arrange for an upgrade or expansion of Certain Distribution Facilities under Section 14.7}*, provided that

(1) the extent of the upgrade or expansion shall be limited to the minimum necessary to satisfy outstanding Transmission Service obligations other than those for which Participating Transmission Owners are obligated to provide Congestion Management Assets;

(2) RTO West shall have no authority under this Section 6.2.1.2 to arrange for any upgrades or expansions that cause the aggregate capability of the Executing Transmission Owner's Transmission Facilities {*and Certain Distribution Facilities*}, together with any additional Congestion Management Assets provided by the Executing Transmission Owner, to become greater than it was as of the Transmission Service Commencement Date; and

(3) RTO West shall allocate the costs of any upgrades or expansions for which it arranges pursuant to this Section 6.2.1.2 on a fair, just and reasonable basis according to RTO West's determinations as to (i) the cause(s) of reduction in aggregate capacity and (ii) the beneficiaries of the upgrades or expansions.

Any determination, action or allocation by RTO West under Section 6.2.1 shall be subject to Dispute Resolution.

6.2.2 Existing Remedial Action Schemes. In addition to any other requirements under this Agreement, the Executing Transmission Owner shall make good-faith efforts to maintain Remedial Action Scheme(s) pursuant to its contractual rights and obligations existing on the effective date of this Agreement until the expiration of the applicable contracts. In addition, the Executing Transmission Owner shall make good-faith efforts to maintain, for three (3) years from the Transmission Service Commencement Date, Remedial Action Scheme(s) that both are necessary to provide the Total Transmission Capability of the RTO West Controlled Transmission Facilities and previously were provided by the Executing Transmission Owner without a contract.

6.2.3 Compensation for Remedial Action Schemes. The Executing Transmission Owner may include in its rates established pursuant to Section 16 any (1) contract compensation or (2) in the absence of contract compensation, its costs, including opportunity costs, for implementing and maintaining Remedial Action Scheme(s) pursuant to this Agreement. To the extent such Remedial Action Scheme(s) are contractual rights of the Executing Transmission Owner to interrupt power supplies to third parties or to require third parties to interrupt operation of electric generation facilities, RTO West shall support recovery by the Executing Transmission Owner of its own costs or of amounts it pays to applicable third parties as contractual charges for the reservation or the exercise of such rights, including any contractual liquidated damages, as specified in the applicable agreements. The costs referenced in subpart (2) above may include (i) insurance payments and (ii) forgone profits or net revenues when generation or load is interrupted, but shall not include equipment damage.

6.3 Commencement of Transmission Service.

6.3.1 Transmission Service Comprehensive Plan. RTO West shall provide to the Executing Transmission Owner, at least six (6) months before the Transmission Service Commencement Date, a comprehensive plan, which shall include a full description of the actions required of RTO West and of all Participating Transmission Owners to effect an orderly, safe and reliable transfer of Transmission Service functions. RTO West shall provide in such comprehensive plan for RTO West to become the single NERC-certified Control Area operator for the RTO West Transmission System. RTO West may require the Participating Transmission Owners to participate in a period of concurrent operation of Transmission Service functions (not to exceed six (6) months) and shall notify the Executing Transmission Owner when the period of

concurrent operation will end with respect to each Participating Transmission Owner. Any dispute concerning the adequacy or workability of such comprehensive plan shall be subject to Dispute Resolution.

6.3.2 Notice of the Transmission Service Commencement Date. RTO West shall provide the Executing Transmission Owner with at least ninety (90) days' notice of the specific Transmission Service Commencement Date.

6.4 RTO West's Exclusive Right and Obligation To Provide Transmission Services over the Transmission Facilities.

6.4.1 Transmission Service Provided by RTO West. On and after the Transmission Service Commencement Date, RTO West shall have the exclusive right and obligation, pursuant to the terms of the RTO West Tariff, to provide to Transmission Customers all Transmission Services over the Transmission Facilities specified in Exhibit B, including all (1) Transmission Services required by the Executing Transmission Owner and using the Transmission Facilities, (2) Transmission Services needed for the Executing Transmission Owner to satisfy its obligations under Non-Converted Transmission Agreements, (3) Transmission Services required pursuant to Converted Rights granted to entities that have agreed to suspend rights and obligations under Pre-Existing Transmission Agreements And Obligations and (4) Transmission Services offered by RTO West that are requested by other third-party Eligible Customers. In carrying out its obligations to provide Transmission Services as well as other obligations under Section 6, RTO West shall act as a reasonable and prudent provider of Transmission Services.

6.4.2 Modification of Executing Transmission Owner's Open Access

Transmission Tariff. To protect the ability of RTO West to implement workable congestion management for the RTO West Controlled Transmission System *{(including Certain Distribution Facilities)}*, the Executing Transmission Owner shall seek (within thirty (30) days following the Effective Date) approval from the appropriate regulatory authorities, if any, to modify, and upon receipt of required approval shall modify, its Open Access Transmission Tariff to eliminate terms granting Rollover Rights and to provide to holders of Pre-Existing Transmission Agreements a one-time opportunity before the Transmission Service Commencement Date to extend the term of such Pre-Existing Transmission Agreements. The Executing Transmission Owner is not required hereby to seek such modification with respect to Pre-Existing Transmission Agreements necessary to provide an adequate power supply to loads served from the Electric Systems of the Participating Transmission Owners. The Executing Transmission Owner is not required hereby to seek any change in Rollover Rights explicitly granted in Pre-Existing Transmission Agreements executed before the date of this Agreement (and not arising from the Executing Transmission Owner's Open Access Transmission Tariff).

6.4.3 Transmission Agreements After the Transmission Service

Commencement Date. The Executing Transmission Owner represents that since _____, its Open Access Transmission Tariff has permitted the Executing Transmission Owner to unilaterally convert any transmission service using Transmission Facilities *{or Certain Distribution Facilities}* requested after _____ to RTO West Transmission Service other than Non-Converted Transmission Service. Between the Effective Date and the Transmission Service Commencement Date, the Executing Transmission Owner shall not, unless so ordered by

FERC or a court of competent jurisdiction, enter into any Transmission Agreements for use of the Transmission Facilities *{or for wholesale use of Certain Distribution Facilities}* after the Transmission Service Commencement Date unless, pursuant to the terms of any such Transmission Agreements, RTO West may unilaterally convert such service to Transmission Services other than Non-Converted Transmission Service. On or after the Transmission Service Commencement Date, the Executing Transmission Owner shall not, unless so ordered by FERC or a court of competent jurisdiction, enter into any Transmission Agreement for use of the Transmission Facilities *{or for wholesale use of Certain Distribution Facilities}*. To the extent that the Existing Transmission Owner's Pre-Existing Transmission Agreements expressly provide the Existing Transmission Owner with a right, after the Transmission Service Commencement Date, to replace service with Transmission Services from RTO West (other than Non-Converted Transmission Service), the Existing Transmission Owner shall exercise such right and replace the customer's service with such RTO West Transmission Services.

[For Bonneville's Transmission Operating Agreement only:

6.4.4 Statutory Transmission Priorities. In the event that, for any reason, all requests for Transmission Services cannot be accommodated, subject to existing rights, and to the extent required by then applicable law, requests for use of the Transmission Facilities (1) to serve loads within the Pacific Northwest or (2) to meet the requirements of Section 9(i)(3) of the Northwest Power Act shall receive preference over competing requests. These service preferences and delivery obligations, however, shall not relieve the Executing Transmission Owner, the provider of any Northwest regional loads or the owner of any Section 9(i)(3) generation resource of any requirement to obtain any rights as specified in the

RTO West Tariff and needed to ensure the receipt of Transmission Services. RTO West and Bonneville shall use their best efforts to develop protocols that define the manner in which each of the above priorities is to be implemented. Any such protocols shall be included as part of the RTO West Tariff. RTO West shall not be liable to Bonneville for any damages for failure to implement such priorities for so long as RTO West implements such protocols. If the Executing Transmission Owner deems that deliveries over the Transmission Facilities required hereunder are not being made by RTO West, the Executing Transmission Owner may direct RTO West to make such deliveries over the Transmission Facilities. Any exercise of the Executing Transmission Owner's right to direct RTO West as provided in the foregoing sentence shall not be deemed to determine whether the Executing Transmission Owner or RTO West shall be responsible for any amounts needed to make such third parties whole for the economic impacts of providing such Transmission Services as directed.]

6.5 RTO West's Provision of Transmission Services over Electric System Facilities that Are Not Transmission Facilities. On and after the Transmission Service Commencement Date, RTO West shall have the right, subject to Section 6.5.1, to use the Executing Transmission Owner's Electric System facilities that are not Transmission Facilities to transmit wholesale power that will also be transmitted over the RTO West Transmission System, so long as the wholesale power is transmitted either (1) from generation facilities interconnected with the Electric System of the Executing Transmission Owner (whether or not such interconnection is with the Transmission Facilities) or (2) to Electric Utilities interconnected with the Electric System of the Executing Transmission Owner (whether or not such interconnection is with the Transmission Facilities). The provision of Transmission Services using such facilities shall not provide RTO West with any

operational, planning or additional authority over the Executing Transmission Owner's Electric System facilities that are not Transmission Facilities{, *except as provided herein for Certain Distribution Facilities*}. RTO West and the Executing Transmission Owner shall cooperate as necessary to ensure provision of Transmission Services as required under this Section 6.5.

6.5.1 Limitations Applicable to Section 6.5. The provisions of Section 6.5 shall be subject to

- (1) applicable laws and regulations,
- (2) notice from RTO West to the Executing Transmission Owner,
- (3) the Executing Transmission Owner's right to require the execution of any applicable service agreement and to charge and collect any lawfully imposed additional charges under a Wholesale Distribution Tariff or as otherwise authorized by law for use of any of its Electric System facilities that are not Transmission Facilities, and
- (4) the provisions of Section 20.8 and Exhibit P.

Nothing in Section 6.5, Section 20.8 or Exhibit P shall be deemed to create any third-party beneficiary rights with respect to this Agreement.

6.6 Control and Operation of RTO West Control Area. On and after the Transmission Service Commencement Date, RTO West shall assume control of the existing Control Areas of the Participating Transmission Owners and shall have the right to operate such Control Areas as a single RTO West Control Area. RTO West shall operate the RTO West Control Area in compliance with the standards specified in Section 13.1 of this Agreement and with thermal and other operating parameters established by the Executing Transmission Owner for its Transmission Facilities {*and Certain Distribution Facilities*}. RTO West may modify the

thermal and other operating parameters established by the Executing Transmission Owner for its RTO West Controlled Transmission Facilities *{and Certain Distribution Facilities}*; provided that RTO West first determines that such modification (1) do not impair the ability of the Executing Transmission Owner's Congestion Management Assets to satisfy the requirements of Sections 8.4.1 and 8.2 of this Agreement, (2) are consistent with Good Utility Practice, (3) would not violate the Executing Transmission Owner's safety standards or cause a serious risk of material damage to equipment, and (4) do not materially impair reliability of service to load. If the Executing Transmission Owner requests Dispute Resolution, RTO West shall not implement the disputed thermal or other operating parameter(s) unless the arbitrator finds that the modification is appropriate. In any Dispute Resolution proceeding concerning whether such modifications are appropriate, the arbitrator shall (i) apply Good Utility Practice in reaching a determination, (ii) not uphold a modification that would violate the Executing Transmission Owner's safety standards or cause a serious risk of material damage to equipment, and (iii) not uphold a modification that materially impairs reliability of service to load. The Executing Transmission Owner may enforce the obligations of RTO West under this Section 6.6 only through equitable relief, except as otherwise provided in Section 19.8; provided, however, that nothing in this Section 6.6 shall limit the Executing Transmission Owner's right to terminate this Agreement as provided in Section 2.3.2.

6.7 RTO West's Other Duties as a Transmission Service Provider.

6.7.1 Transmission Tariffs. RTO West shall maintain an RTO West Tariff for the Transmission Services and shall have exclusive authority to administer such tariff. RTO West shall comply with the RTO West Tariff.

6.7.2 Transmission Services Requests. RTO West shall process Transmission Services requests and shall execute all contracts for Transmission Services. RTO West shall respond to all requests for Transmission Services within the time frames and in accordance with the terms and conditions of the RTO West Tariff and in accordance with applicable FERC requirements.

6.7.3 Relief of Transmission Service Obligation of the Executing Transmission Owner. RTO West shall intervene before FERC as necessary to assert RTO West's exclusive right and obligation to supply such Transmission Services as set forth in this Agreement. If the Executing Transmission Owner is ordered by FERC or by a court of competent jurisdiction to provide any such Transmission Services directly, RTO West shall provide to the Executing Transmission Owner Transmission Services as needed for the Executing Transmission Owner to comply with all such applicable orders.

6.7.4 Transmission Scheduling. RTO West shall administer the transmission scheduling function for all Transmission Services, including prescheduling and real-time scheduling.

6.7.5 RTO West Web Site Requirements and Determination of Total Transmission Capability and Available System Capacity. RTO West shall ensure that the RTO West Web Site meets the OASIS requirements as set out by FERC. Subject to Section 13.1, RTO West shall independently calculate Total Transmission Capability and Available System Capacity. The Executing Transmission Owner may dispute RTO West's calculation of Total Transmission Capability and Available System Capacity through Dispute Resolution.

6.7.6 Compliance with Curtailment and Redispatch Orders. RTO West shall (1) use all reasonable means to require loads taking Transmission Services and electric generation facilities located within the RTO West Control Area to comply, to the extent practicable, with curtailment and redispatch orders during a Transmission System Emergency and (2) incorporate into the RTO West Tariff or rate schedules provisions that contain reasonable penalties for noncompliance and incentives for compliance.

6.7.7 Market Power and Price Mitigation. RTO West shall establish a market power and price mitigation program under the following circumstances: (1) FERC establishes a market power screening test to which one or more Participating Transmission Owners will be subject, (2) FERC exempts any Participating Transmission Owner subject to the market power screening test from the test in the event that such Participating Transmission Owner participates in an approved RTO with a market power and price mitigation program and (3) a Participating Transmission Owner subject to the market power screening test requests RTO West to establish a market power and price mitigation program that meets FERC's standards. In such case, RTO West shall design its market power and price mitigation program to meet FERC's minimum standards and offer the Executing Transmission Owner the option to participate in the program.

6.7.8 Control Centers. RTO West shall provide for adequate and operational RTO West primary and backup control centers.

6.7.9 RTO West's Operation of a Balancing Market. If so required by FERC in order for the Executing Transmission Owner to receive or retain market rate authority, RTO West shall (1) administer a balancing market and (2) establish price thresholds or other measures acceptable to FERC and otherwise permitted by law. RTO West agrees that any price thresholds

or other measures established by it shall be applied to all Participating Transmission Owners and market participants in a nondiscriminatory manner. To the extent RTO West purchases power pursuant to this Agreement, it shall purchase it only for a disclosed principal or for its own account. RTO West may not participate in the market to resell any surplus energy and ancillary services resulting from purchases to replace obligations of a defaulting Scheduling Coordinator except by contracting out the service to a resale agent that acts independently of RTO West to the fullest extent practicable and observes the separation requirements of FERC Orders 888 and 889.

6.8 Executing Transmission Owner’s Obligations for Operation of Its Transmission Facilities.

6.8.1 Control Center. Except as otherwise ordered or approved by FERC, the Executing Transmission Owner shall maintain adequate facilities and qualified operating personnel, either directly or through contract with another entity, for carrying out the functions in this Section 6.8 under RTO West’s direction and coordination.

6.8.2 Switching Orders and Clearances. The Executing Transmission Owner shall prepare and execute switching orders and the issuance of clearances to field personnel with respect to the RTO West Controlled Transmission Facilities *{and Certain Distribution Facilities}*. The Executing Transmission Owner reserves the right to conform to its own safety practices and standards when responding to RTO West directions.

6.8.3 Log Maintenance. The Executing Transmission Owner shall maintain a switching and system status log with respect to the Transmission Facilities *{and Certain Distribution Facilities}*.

6.8.4 RTO West Transmission System Monitoring and Security. The Executing Transmission Owner shall, consistent with applicable law, provide to RTO West information, updated at intervals as specified by RTO West consistent with industry standards, that RTO West reasonably specifies is necessary for its monitoring or analysis functions or otherwise is necessary for the performance of RTO West's duties. In accordance with RTO West's overall direction, the Executing Transmission Owner shall monitor and evaluate power and reactive flows and voltage levels and take action to maintain security of the RTO West Controlled Transmission System *{including Certain Distribution Facilities}*.

6.8.5 Maintenance Outages. The Executing Transmission Owner shall coordinate proposed RTO West Controlled Transmission Facilities *{and Certain Distribution Facilities}* maintenance outages with RTO West. The Executing Transmission Owner shall submit to RTO West all proposed maintenance outages on the RTO West Controlled Transmission Facilities *{and Certain Distribution Facilities}*, which proposals RTO West shall approve or reject based on RTO West's business practices and operating and reliability criteria. RTO West shall pay to the Executing Transmission Owner the costs incurred by the Executing Transmission Owner resulting from an RTO West directive to change the timing of scheduled outages that had previously been approved by RTO West.

6.8.6 RTO West Transmission System Security. The Executing Transmission Owner shall receive and execute actions required by the Security Coordinator, subject to Section 13.2 of this Agreement; provided, however, that unless RTO West and the Executing Transmission Owner agree otherwise in a separate written instrument, RTO West's rights and the Executing Transmission Owner's obligations with respect to RTO West's performance of the

functions required of a Security Coordinator (whether directly or by contract) shall be substantially in accordance with the provisions of the Security Coordination Agreement between the Executing Transmission Owner and Pacific Northwest Security Coordination, attached as Exhibit M.

6.8.7 RTO West Transmission System Reliability. The Executing Transmission Owner shall carry out, with respect to the RTO West Controlled Transmission Facilities *{and Certain Distribution Facilities}*, all operating functions except those operating functions for which RTO West is responsible under this Agreement or which RTO West otherwise assumes.

6.8.8 Restoration of RTO West Controlled Transmission Facilities. Following an outage of RTO West Controlled Transmission Facilities *{or Certain Distribution Facilities}*, the Executing Transmission Owner shall initiate and prioritize restoration as follows: (1) at the Executing Transmission Owner's discretion if RTO West Controlled Transmission System *{(including Certain Distribution Facilities)}* reliability is not jeopardized and if the outage does not affect the comparable transmission facilities of one or more of the other Participating Transmission Owners; provided, however, that in exercising its discretion hereunder, the Executing Transmission Owner shall afford no undue preference to any market participant or load; or (2) according to directions of RTO West if RTO West Controlled Transmission System *{(including Certain Distribution Facilities)}* reliability is jeopardized or if the outage affects the comparable transmission facilities of one or more of the other Participating Transmission Owners. The provisions of Section 13.2 shall apply to all restorations of RTO West Controlled Transmission Facilities *{and Certain Distribution Facilities}*.

6.9 Compliance with Standards of Conduct. The Executing Transmission Owner shall ensure that all of its personnel performing the duties specified in Section 6.8 (1) comply with information access requirements of FERC standards of conduct as set out at 18 C.F.R. § 37.4, as amended from time to time and as interpreted by FERC (except that any OASIS posting requirements thereunder shall be deemed satisfied at such time as the relevant information has been posted on the RTO West Web Site), with respect to all communications with any market participant, including a Merchant Function of the Executing Transmission Owner, concerning the performance of such functions and with respect to the distribution of any information not available on the RTO West Web Site related to the performance of such functions; and (2) give no undue preference to any market participant.

6.10 Security Coordinator. On and after the Transmission Service Commencement Date, RTO West shall, directly or by contract, perform all functions required of a Security Coordinator. In carrying out its responsibilities with respect to security coordination, RTO West may take Emergency Measures.

6.11 Scheduling Coordinator Default. Before the Transmission Service Commencement Date, RTO West shall use its best efforts to obtain the assurance of each State or tribal authority within RTO West boundaries that if a default by a Scheduling Coordinator occurs and the affected Transmission Customers are unable to secure a replacement Scheduling Coordinator within ____ (__) days of such default after making a good-faith effort to do so, the State or tribal authority will direct the termination of service to load(s) for which such defaulting Scheduling Coordinator serves as Scheduling Coordinator until a replacement Scheduling Coordinator is secured. RTO West also shall use its best efforts to develop and maintain other

cost-effective means of protecting Transmission Customers from any material adverse financial impacts resulting from the effect on RTO West of the default of any other Transmission Customer or its Scheduling Coordinator.

6.12 Limitation on Executing Transmission Owner's Obligations Related to Operational Directives. The Executing Transmission Owner shall have no obligation to undertake any operation directed by RTO West or by the Security Coordinator (if a separate entity) that is inconsistent with Section 13.2 or that

(1) is not within the physical capabilities of its Electric System (or any part of another party's Electric System that the Executing Transmission Owner has the legal right to cause to comply with an action required by the Security Coordinator); or

(2) the Executing Transmission Owner in good faith believes will create serious and immediate risks to human health or safety; provided, however, that interruption of transmission service shall not in itself necessarily be deemed to create serious and immediate risks to human health or safety; or

(3) the Executing Transmission Owner in good faith believes will create an immediate risk of serious damage to facilities or equipment within its Electric System or will cause the Executing Transmission Owner to operate any part of its Electric System in an unsafe manner.

7. RTO West's Congestion Management System.

7.1 Initial Congestion Management System. RTO West shall implement, as of the Transmission Service Commencement Date, a congestion management system consistent with this Agreement and with the Congestion Management Proposal, as it may be further defined.

7.2 Mid-Columbia Hourly Coordination Agreement. RTO West shall operate the RTO West Transmission System and its congestion management system in a manner that will accommodate full performance of the Mid-Columbia Hourly Coordination Agreement. The Mid-Columbia Hourly Coordination Agreement shall not be considered a Pre-Existing Transmission Agreement for purposes of this Agreement and, so long as transmission scheduling is not undertaken pursuant to such agreement, parties to such agreement shall not be required to obtain Catalogued Transmission Rights. Generator-to-generator exchanges occurring between projects under the Mid-Columbia Hourly Coordination Agreement shall, for purposes of this Agreement, be deemed not to use Transmission Services.

7.3 Comprehensive Review Promptly After Completion of Three (3) Years. Three (3) years after the Transmission Service Commencement Date, RTO West shall conduct a thorough, formal evaluation of its congestion management system. If RTO West determines that there is no need for change, RTO West need not make any change. To the extent RTO West elects to modify its congestion management system, however, it shall do so consistent with the provisions of Section 7.4.

7.4 Principles Governing Modifications to RTO West Congestion Management System. If RTO West elects to modify its congestion management system (at any time following the Transmission Service Commencement Date), it shall do so in a manner that protects rights under Non-Converted Transmission Agreements for the terms of those rights and neither expands nor diminishes transmission- or congestion-related rights that are then outstanding (whether based on Catalogued Transmission Rights described in Exhibit F or on Financial Transmission Options). In making any modifications to RTO West's congestion management system, in addition to

protecting rights under Pre-Existing Transmission Agreements And Obligations, RTO West shall consider whether the congestion management system as modified:

- (1) accommodates broad participation;
- (2) sends efficient price signals to all users about the consequences of their transmission usage decisions;
- (3) provides least-cost redispatch of generation that is redispatched (from the voluntary redispatch bid stack) to relieve the expected congestion;
- (4) encourages use of transmission rights by those that value them most highly;
- (5) sends signals for appropriate investment (generation, including generator location, transmission, demand-response, etc.);
- (6) accommodates Self-Provision and Self-Tracking;
- (7) facilitates development of hedging tools;
- (8) provides for liquidity and tradability;
- (9) provides incentives that enhance RTO West's ability to determine Available System Capacity before day-ahead scheduling;
- (10) does not impede reliability;
- (11) promotes the ability to detect and respond to unintended consequences affecting the market and market power abuse;
- (12) supports a broad, seamless market; and
- (13) enables RTO West to determine that there is reasonable proportionality between costs incurred and benefits to customers.

7.5 Points of Injection and Withdrawal on RTO West Controlled Transmission

System. Points of injection and points of withdrawal shall be located on the RTO West Controlled Transmission System *{(including Certain Distribution Facilities)}* for purposes of congestion management.

8. RTO West's Obligation To Provide Transmission Use Rights to Executing

Transmission Owner. The Executing Transmission Owner shall have rights to Transmission Services over the RTO West Transmission System *{(including Certain Distribution Facilities)}* on a basis comparable with rights held before the Transmission Service Commencement Date. Such transmission use rights shall permit the Executing Transmission Owner (1) to serve its obligations under any Pre-Existing Transmission Agreements And Obligations, taking into account feasible dispatch and features such as flexible scheduling rights to multiple points of delivery, and (2) to use the Transmission Facilities *{and Certain Distribution Facilities}* as needed to serve pre-existing obligations under any ancillary services contract, bundled power sale, exchange, coordination or other obligations not covered by a Pre-Existing Transmission Agreement.

8.1 References to the Executing Transmission Owner's Transmission Function

and Customer. For purposes of this Section 8 and Section 9, references to the "Executing Transmission Owner transmission function" mean only the transmission function (or its successor or assignee) of the Executing Transmission Owner in its capacity as the provider of transmission services (before the Transmission Service Commencement Date) to any Transmission Customer, including the Merchant Function of the Executing Transmission Owner; provided, however, that reference to the transmission function shall not be construed to alter or limit in any way the

Executing Transmission Owner's obligations under any Pre-Existing Transmission Agreements And Obligations. References in Sections 8 and 9 to the "Executing Transmission Owner customer" mean the transmission customer, including third parties and the Executing Transmission Owner's Merchant Function, that is entitled to receive transmission service from an Executing Transmission Owner transmission function under any Pre-Existing Transmission Agreements And Obligations.

8.2 Changes to Transmission Use Rights. Except as otherwise provided in this Agreement, RTO West may implement changes to its pricing or congestion management methods, provided that the Executing Transmission Owner shall continue to have rights as set forth in Section 8 and, to the extent any Pre-Existing Transmission Agreements And Obligations are converted pursuant to Section 9.3, rights of comparable value to its then-existing Catalogued Transmission Rights, External Interface Access and Financial Transmission Options, or any successor transmission use rights.

8.3 Catalogued Transmission Rights. To satisfy obligations the Executing Transmission Owner has under Pre-Existing Transmission Agreements And Obligations, including any extensions exercised pursuant to the terms of Pre-Existing Transmission Agreements, RTO West shall provide Catalogued Transmission Rights sufficient to meet such obligations to (1) the Executing Transmission Owner's transmission function or (2) consistent with Section 9.3.2, to the Executing Transmission Owner's customer. Except as otherwise provided in Exhibit P to this Agreement, if the Executing Transmission Owner determines or, pursuant to a dispute resolution process, it is determined that the catalogue set forth in Exhibit F does not satisfy a transmission customer's rights, the Catalogued Transmission Rights shall be modified to satisfy such rights.

8.3.1 Term and Level of Catalogued Transmission Rights for Load Growth.

As part of the cataloguing process, the Executing Transmission Owner shall submit and update a forecast of its anticipated load growth covered by Catalogued Transmission Rights for the Company Rate Period, which RTO West shall accept if such forecast is reasonable. RTO West shall not encumber (through the issuance of long-term Financial Transmission Options) transmission capacity reasonably anticipated for such load growth. RTO West shall allocate annually, without incremental congestion charges, Catalogued Transmission Rights as needed to meet the updated forecast of reasonable growth projections for the following year over (1) any unencumbered transmission capability of the Executing Transmission Owner's Transmission Facilities *{and Certain Distribution Facilities}* plus (2) any unencumbered transmission capability of the Transmission Facilities *{and Certain Distribution Facilities}* of each of the other Participating Transmission Owners, but only to the extent that Pre-Existing Transmission Agreements with each such applicable Participating Transmission Owner provided for service to meet such load growth. The annually allocated Catalogued Transmission Rights for load growth may be converted and suspended as provided in Section 9. The treatment of load growth after the Company Rate Period shall be as set forth in the RTO West Tariff, provided that, for any Non-Converted Transmission Agreements, such treatment shall be consistent with Pre-Existing Transmission Agreements.

8.3.2 Equal Treatment of Schedules. Unless otherwise provided for in any Catalogued Transmission Rights, any curtailments of schedules shall be made on a non-preferential basis.

8.4 Executing Transmission Owner's Provision of Congestion Management Assets.

8.4.1 Executing Transmission Owner's General Obligation To Provide

Congestion Management Assets. On and after the Transmission Service Commencement Date, the Executing Transmission Owner transmission function shall make Congestion Management Assets available to RTO West sufficient for (1) RTO West's provision of services for the Executing Transmission Owner transmission function's Non-Converted Transmission Agreements consistent with the Catalogued Transmission Rights set forth in Exhibit F and (2) RTO West's provision of services for the Executing Transmission Owner transmission function's converted Transmission Agreements consistent with the Converted Rights.

8.4.1.1 Duties of the Executing Transmission Owner and RTO West in the Identification of Congestion Management Assets. By the date specified by RTO West, the Executing Transmission Owner shall provide to RTO West all information relevant to determining whether the Executing Transmission Owner's Congestion Management Assets are sufficient to meet the Executing Transmission Owner transmission function's transmission service obligations under Pre-Existing Transmission Agreements And Obligations. Such information shall include the Executing Transmission Owner transmission function's good-faith description of the bounds of and interdependencies affecting its obligations and the proposed Congestion Management Assets, and any other information reasonably requested by RTO West to perform its sufficiency testing. RTO West shall determine the sufficiency of the Executing Transmission Owner's Congestion Management Assets to meet its obligations, testing a wide range of simultaneously feasible uses of such obligations. RTO West may rely upon the information provided by the Executing

Transmission Owner transmission function in determining the sufficiency of the Congestion Management Assets.

8.4.2 Executing Transmission Owner's Obligation To Restore Congestion

Management Assets. Except as otherwise provided in Section 8.4.3, if there is a reduction in the Executing Transmission Owner's Congestion Management Assets, the obligation of the Executing Transmission Owner to restore the Congestion Management Assets shall be determined by the terms of the applicable Pre-Existing Transmission Agreements And Obligations giving rise to affected Catalogued Transmission Rights set forth in Exhibit F and Transmission Service obligations related to converted Transmission Agreements. The Executing Transmission Owner shall restore its Congestion Management Assets in accordance with the requirements of such Pre-Existing Transmission Agreements And Obligations, regardless of whether the underlying agreements or obligations have been converted pursuant to Section 9.3.

8.4.3 Agreement with Transmission Customer Related to Provisions or

Restoration of Congestion Management Assets. If, at any time after the Transmission Service Commencement Date, an Executing Transmission Owner and the Executing Transmission Owner customer agree that the rights of such customer under any Pre-Existing Transmission Agreements And Obligations need not be satisfied, the Catalogued Transmission Rights related to such Pre-Existing Transmission Agreements And Obligations shall be modified accordingly and the Executing Transmission Owner's obligation to provide Congestion Management Assets shall be reduced to the extent they are no longer required to satisfy such rights. In addition, if the Executing Transmission Owner's Congestion Management Assets are reduced as a result of events outside of the Executing Transmission Owner's control, in lieu of restoring such Congestion

Management Assets as required in Section 8.4.2, the Executing Transmission Owner may, by agreement with the applicable Executing Transmission Owner customer, provide economic payment in lieu of such restoration. In such event, RTO West shall support recovery by the Executing Transmission Owner of any such reasonable payment as a transmission cost.

8.4.4 Determination of Congestion Management Assets Insufficiency; Cure and Remedies. Following RTO West's initial test to determine the sufficiency of the Executing Transmission Owner's Congestion Management Assets in accordance with Section 8.4.1.1, RTO West may thereafter re-test the sufficiency of the Executing Transmission Owner's Congestion Management Assets no more frequently than once per year unless either: (1) the Executing Transmission Owner has modified its catalogue entries concerning the Executing Transmission Owner transmission function's transmission service obligations under Pre-Existing Transmission Agreements And Obligations or (2) there has been a substantial modification to the RTO West Controlled Transmission Facilities, {or *Certain Distribution Facilities*, } in either of which cases RTO West may re-test at any time. If RTO West determines, in accordance with the foregoing provisions, that the Executing Transmission Owner's Congestion Management Assets are insufficient to satisfy the requirements of Sections 8.4.1 and 8.4.2, RTO West shall provide written notice to the Executing Transmission Owner. The Executing Transmission Owner shall have the right, through Dispute Resolution, to challenge RTO West's determination that its Congestion Management Assets are insufficient. The arbitrator shall make no presumption concerning the validity of RTO West's determination. If (i) the Executing Transmission Owner does not dispute RTO West's determination that its Congestion Management Assets are insufficient or (ii) it is determined through Dispute Resolution that the Executing Transmission Owner's Congestion

Management Assets are insufficient, the Executing Transmission Owner shall, within a commercially reasonable time, provide sufficient Congestion Management Assets to satisfy the requirements of Sections 8.4.1 and 8.4.2. If the Executing Transmission Owner fails (for a reason other than Uncontrollable Force) to provide sufficient Congestion Management Assets within a commercially reasonable period as necessary to satisfy the requirements of Sections 8.4.1 and 8.4.2, RTO West shall be entitled to (a) arrange for interim measures to the extent necessary to cause the Executing Transmission Owner's Congestion Management Assets to satisfy the requirements of Sections 8.4.1 and 8.4.2 and to assign all resulting costs to the Executing Transmission Owner and (b) arrange, pursuant to Section 14.2, for the upgrade or expansion of the Executing Transmission Owner's RTO West Controlled Transmission Facilities to the extent necessary to satisfy the requirements of Sections 8.4.1 and 8.4.2 on a long-term basis. *{If the Executing Transmission Owner fails (for a reason other than Uncontrollable Force) to provide sufficient Congestion Management Assets within a commercially reasonable period as necessary to satisfy the requirements of Sections 8.4.1 and 8.4.2, RTO West shall be entitled to (x) arrange for interim measures to the extent necessary to cause the Executing Transmission Owner's Congestion Management Assets to satisfy the requirements of Sections 8.4.1 and 8.4.2 and to assign all resulting costs to the Executing Transmission Owner and (y) arrange, pursuant to Section 14.7, for the upgrade or expansion of the Executing Transmission Owner's Certain Distribution Facilities to the extent necessary to satisfy the requirements of Sections 8.4.1 and 8.4.2.}* Notwithstanding the Company Rate provisions of Section 17, RTO West shall be entitled to recover from the Executing Transmission Owner the costs of expanding or upgrading RTO West Controlled Transmission Facilities *{or Certain Distribution Facilities}* as needed to provide

sufficient Congestion Management Assets to satisfy the requirements of Sections 8.4.1 and 8.4.2.

The Executing Transmission Owner shall have the right to include any such costs in its Company Costs. *{The Executing Transmission Owner shall have the right to include any such costs in its applicable tariff.}*

9. Transmission Service Options for Pre-Existing Transmission Agreements And Obligations.

9.1 Right To Convert and Suspend Pre-Existing Transmission Agreements And Obligations. The Executing Transmission Owner transmission function and RTO West agree to suspend and convert any Pre-Existing Transmission Agreements And Obligations to RTO West Tariff service that an Executing Transmission Owner customer requests be suspended and converted. The Executing Transmission Owner customer shall not be required to convert or surrender any Pre-Existing Transmission Agreements And Obligations. Converted contracts are those for which the transmission customer agrees to accept RTO West Transmission Service other than Non-Converted Transmission Service pursuant to an Agreement To Suspend as set forth in Section 9.3, in lieu of some or all Pre-Existing Transmission Agreements And Obligations. Upon execution of an Agreement To Suspend, any converted Pre-Existing Transmission Agreements And Obligations shall be suspended for the duration of the Executing Transmission Owner's participation in RTO West (subject to the provisions of the Agreement To Suspend regarding the effect of withdrawal of the Executing Transmission Owner from RTO West).

9.2 Non-Converted Transmission Service. To the extent any Pre-Existing Transmission Agreements And Obligations are not suspended and not converted, those contracts

and obligations shall be Non-Converted Transmission Agreements and RTO West shall provide to the Executing Transmission Owner Non-Converted Transmission Service to satisfy its obligations thereunder as further described in Section 9.4. For Non-Converted Transmission Agreements, the Catalogued Transmission Rights do not affect or limit the pre-existing contract rights of the Executing Transmission Owner customer.

9.3 Suspension and Conversion of Pre-Existing Transmission Agreements And Obligations.

9.3.1 Good-Faith Offer To Convert. The Executing Transmission Owner transmission function shall make a good-faith offer to each Executing Transmission Owner customer holding Pre-Existing Transmission Agreements And Obligations to convert such agreement(s) or obligations, through suspension of pre-existing rights, in return for (1) to the extent the customer has pre-existing long-term rights to External Interface Points, rights to External Interface Access and either (i) receipt by the Executing Transmission Owner customer of Financial Transmission Options from RTO West or (ii) receipt by the Executing Transmission Owner customer of Catalogued Transmission Rights from RTO West and satisfaction of the conditions set forth in 9.3.2; (2) payment by the Executing Transmission Owner customer of the Executing Transmission Owner's Company Rate (in the case of Load Service Obligations or network contracts) or Transfer Charges (in the case of point-to-point contracts), or such other rates and charges applicable after the Company Rate Period; and (3) payment by the Executing Transmission Owner customer of other applicable charges or fees such as the Grid Management Charge, RTO West charges for losses and any RTO West charges for Ancillary Services. The Executing Transmission Owner transmission function must make its offer to convert by a date set

by RTO West in advance of the Transmission Service Commencement Date and the offer to convert (i) with respect to conversion in return for Catalogued Transmission Rights, shall expire one (1) year after the Transmission Service Commencement Date and (ii) with respect to conversion in return for Financial Transmission Options, shall not expire for so long as RTO West continues to offer Financial Transmission Options. An Executing Transmission Owner customer that converts in return for Catalogued Transmission Rights may later convert its Catalogued Transmission Rights to Financial Transmission Options.

9.3.2 Manner of Conversion. Conversion of the Executing Transmission Owner's Pre-Existing Transmission Agreements And Obligations shall be implemented in a manner consistent with the suspension arrangements negotiated with other Initial Participating Transmission Owners. If the Executing Transmission Owner customer elects to suspend any Pre-Existing Transmission Agreement And Obligations, RTO West shall provide notice to the Executing Transmission Owner if the Executing Transmission Owner customer disputes the Catalogued Transmission Rights developed by RTO West and the Executing Transmission Owner. The Executing Transmission Owner transmission function agrees to make a good-faith effort to resolve differences with the Executing Transmission Owner customer and notify RTO West if it is able to reach agreement with the customer that the Catalogued Transmission Rights accurately identify rights, consistent with RTO West's rules for cataloguing, that will enable RTO West to provide Transmission Services that fulfill the Executing Transmission Owner's outstanding transmission obligations under any converted Pre-Existing Transmission Agreements And Obligations. If full agreement is not reached, the Executing Transmission Owner transmission function agrees to be a responding party with RTO West in an RTO West Arbitration Process to

resolve any dispute concerning the conversion of any Pre-Existing Agreements And Obligations into Catalogued Transmission Rights or the conversion of Catalogued Transmission Rights into Financial Transmission Options consistent with the terms and procedures set forth in Exhibit P. RTO West agrees that upon conversion, it shall treat the Executing Transmission Owner customer as a Transmission Service customer of RTO West.

9.3.3 Effect of Conversion. If an Executing Transmission Owner customer elects to convert Pre-Existing Transmission Agreements And Obligations, then the customer, the Executing Transmission Owner and RTO West shall also enter into an Agreement To Suspend, to be effective on the Transmission Service Commencement Date or the effective date of the Agreement To Suspend, whichever is later. Pre-Existing Transmission Agreements And Obligations that are converted shall be identified in Exhibit C. RTO West agrees that upon conversion, it shall treat the Executing Transmission Owner customer as a Transmission Service customer of RTO West. Upon conversion, Transmission Service provided to the customer by RTO West pursuant to the catalogue shall satisfy all of the Executing Transmission Owner transmission function's transmission service obligations to the customer under the converted Pre-Existing Transmission Agreements And Obligations, and any scheduling rights contained in the converted Pre-Existing Transmission Agreements And Obligations shall be replaced by RTO West scheduling practices (except with respect to any schedule submitted pursuant to a Catalogued Transmission Right that expressly provides otherwise); provided, however, (1) that the Executing Transmission Owner transmission function has supplied RTO West with the Congestion Management Assets required by Exhibit F and (2) that upon suspension by an Executing Transmission Owner customer, any provisions contained in the suspended Pre-Existing Transmission Agreements And Obligations

that incorporate the Executing Transmission Owner's business practices or tariff provisions relating to Ancillary Services shall be replaced by RTO West Tariff provisions regarding Ancillary Services.

[For Bonneville's Transmission Operating Agreement only:

9.3.4 Consent of Customer To Suspend General Transfer Agreement. The Executing Transmission Owner shall not voluntarily suspend any General Transfer Agreement without agreement of the Executing Transmission Owner customer whose load is served by such General Transfer Agreement. This restriction shall apply only for so long as the Executing Transmission Owner has an obligation to provide service under a General Transfer Agreement.]

9.4 Non-Converted Transmission Agreements.

9.4.1 Identification of Non-Converted Transmission Agreements. Exhibit C to this Agreement lists all of the Executing Transmission Owner transmission function's Pre-Existing Agreements And Obligations to which RTO West is providing Non-Converted Transmission Service (Non-Converted Transmission Agreements). The Executing Transmission Owner transmission function shall notify RTO West when any additional Pre-Existing Transmission Agreements And Obligations are suspended or terminated and shall amend Exhibit C at such time to reclassify any such agreements as a suspended or terminated agreement.

9.4.2 Transmission Service for Non-Converted Transmission Agreements. In providing Non-Converted Transmission Service to an Executing Transmission Owner transmission function, RTO West shall not alter the Executing Transmission Owner customers' Pre-Existing

Transmission Agreements And Obligations, including the rights of network and point-to-point customers.

9.5 Incentives To Make Available Transmission Capacity Available Before Pre-Schedule. To enable RTO West to make full use of existing transmission capacity available earlier than would otherwise be feasible, RTO West shall provide incentives for early scheduling of Catalogued Transmission Rights. The Executing Transmission Owner agrees that Executing Transmission Owner customers' participation in incentives for early scheduling of Catalogued Transmission Rights shall not constitute resale of transmission.

9.5.1 Effect of Accepting Incentive for Early Scheduling. If an Executing Transmission Owner customer voluntarily accepts incentives to schedule Catalogued Transmission Rights early through an RTO West program established pursuant to Section 9.5, the Executing Transmission Owner customer shall be responsible for any applicable transmission charges, including, without limitation, any congestion or imbalance energy charges, incurred as a result of a schedule change made after submission of its early schedule.

10. Ancillary Services.

10.1 Provision of Ancillary Services by RTO West. RTO West shall determine the minimum required amounts of each of the Ancillary Services and, if necessary, the locations at which these services must be provided. RTO West shall provide Ancillary Services as the provider of last resort, on a prescheduled day-ahead or hour-ahead basis only, which Ancillary Services are required by FERC to be either offered or provided by RTO West in connection with the provision of Transmission Services. RTO West shall make good-faith efforts to encourage the

development of Ancillary Services markets. To the extent necessary, RTO West may arrange to acquire a portfolio of Interconnected Operations Services for any period up to one (1) year from the date such arrangements are made and in a manner expected to minimize the cost and risk associated with fulfilling its obligations as the provider of last resort. RTO West shall be the sole provider of Scheduling, System Control and Dispatch Services as set forth in the RTO West Tariff. RTO West, through contracts with the Executing Transmission Owner or with third-party providers, may provide Black Start Service and Voltage Support Service on other than a prescheduled day-ahead or hour-ahead basis. In carrying out its obligation to acquire Interconnected Operations Services, as well as other obligations under this Section 10, RTO West shall act as a reasonable and prudent provider of Ancillary Services.

10.2 Ancillary Services Tariffs. RTO West shall develop and administer an RTO West Tariff for provision of Ancillary Services and shall comply with the RTO West Tariff.

10.2.1 Treatment of Wind Generation. For the duration of the Company Rate Period, RTO West shall not impose punitive charges for imbalance energy on wind generation if the energy provider makes reasonable efforts, including making use of best-available resource forecasting technology, to control the imbalance. This prohibition does not preclude imposition of imbalance charges that fully recover the costs incurred by RTO West for providing the service, including, if appropriate, a rate design that recognizes the variation of costs with the amount of the imbalance.

10.3 Provision of Interconnected Operations Services by the Executing Transmission Owner.

10.3.1 Right of the Executing Transmission Owner to Self-Provision, to Self-Tracking and To Provide Interconnected Operations Services to Third Parties. The Executing Transmission Owner reserves the right, after the Transmission Service Commencement Date, to Self-Provision, to Self-Tracking and to provide to third parties through bilateral agreements any Interconnected Operations Services that the Executing Transmission Owner is permitted by law to provide. Self-Provision and Self-Tracking arrangements shall meet applicable RTO West reliability criteria as set forth in the RTO West Tariff. Self-Provision and Self-Tracking arrangements shall not preclude RTO West from charging the Executing Transmission Owner for services actually provided to the Executing Transmission Owner. The Executing Transmission Owner shall provide any information concerning such arrangements that RTO West determines necessary to demonstrate such compliance.

10.3.2 Executing Transmission Owner Obligation To Provide Interconnected Operations Services During First Twelve (12) Months. If RTO West determines during the first twelve (12) months after the Transmission Service Commencement Date that no viable short-term or long-term market will exist for one (1) or more Interconnected Operations Services during all or a portion of that twelve- (12-) month period, after giving reasonable notice to the Executing Transmission Owner of this determination, RTO West shall have the right to require the Executing Transmission Owner to provide such Interconnected Operations Services to RTO West. The Executing Transmission Owner's obligation shall continue for no longer than three (3) months, and shall be thereafter terminated, unless RTO West, on the basis of subsequent quarterly market

determinations, requires the Executing Transmission Owner to continue or resume providing such Interconnected Operations Services for one (1) or more additional three- (3-) month periods during the twelve- (12-) month period following the Transmission Service Commencement Date. The right of RTO West to obtain such Interconnected Operations Services shall be limited to those Interconnected Operations Services needed by RTO West to supply the type and amount of Ancillary Services provided by the Executing Transmission Owner or by any predecessor or successor Electric Utility owners of the Transmission Facilities *{and Certain Distribution Facilities}* under the Executing Transmission Owner's Open Access Transmission Tariff over the twelve (12) months before the Transmission Service Commencement Date, less any Interconnected Operations Services the Executing Transmission Owner provides within the RTO West Control Area under Section 10.3.1 above. Should RTO West exercise this right, RTO West and the Executing Transmission Owner will enter into good-faith negotiations to (1) translate the historic Ancillary Services provided by the Executing Transmission Owner into the equivalent Interconnected Operations Services defined by RTO West and (2) determine the amount to be paid by RTO West to the Executing Transmission Owner for those Interconnected Operations Services. Dispute Resolution under this Agreement shall be available with respect to (i) any determination by RTO West that no viable short-term or long-term market will exist, (ii) the translation of historic Ancillary Services provided by the Executing Transmission Owner into the equivalent Interconnected Operations Services and (iii) the amount to be paid by RTO West to the Executing Transmission Owner for those services, subject to any required rate-setting process; provided, however, that in each case the Executing Transmission Owner shall comply with RTO West's request for such services through the date of any arbitration award.

10.3.3 Ensuring RTO West Responsibility To Provide Ancillary Services. If

any Eligible Customer seeks to compel the Executing Transmission Owner to provide any Ancillary Service and the Executing Transmission Owner objects to providing such Ancillary Service, RTO West shall cooperate with the Executing Transmission Owner's efforts to ensure that RTO West, rather than the Executing Transmission Owner, will provide such Ancillary Service. If the Executing Transmission Owner is ordered by FERC or by a court of competent jurisdiction to provide such Ancillary Service, RTO West, pursuant to the RTO West Tariff, shall provide to the Executing Transmission Owner Ancillary Services as needed for the Executing Transmission Owner to comply with all such applicable orders.

10.4 RTO West's Facilitation of External Interconnected Operations Services

Market. RTO West shall facilitate the establishment of an external market for Interconnected Operations Services. To assist the development of such an external market, RTO West shall specify criteria that such an external market mechanism must meet and shall certify those market mechanisms that meet such criteria. The RTO West criteria shall include a requirement that such an external market mechanism provide the capability for market participants to buy, sell and trade Interconnected Operations Services for periods extending at least one (1) month forward. For each Interconnected Operations Service, in the event that no external mechanism for the marketing of Interconnected Operations Services arises within a reasonable time that meets the RTO West criteria, RTO West shall issue a request for proposals to create such an external market for such Interconnected Operations Service.

10.5 Conditions on Operations. RTO West agrees not to require the Executing Transmission Owner to operate or not operate its generating resources or shed or restore load,

other than in a Transmission System Emergency, without the agreement of the Executing Transmission Owner.

11. Maintenance Performance Plans.

11.1 Coordinated Maintenance for RTO West. RTO West shall coordinate maintenance for the RTO West Controlled Transmission System *{(including Certain Distribution Facilities)}*.

11.2 Maintenance Performance Plans. RTO West and the Executing Transmission Owner shall jointly develop a maintenance performance plan for the RTO West Controlled Transmission Facilities *{(and Certain Distribution Facilities)}* that specifies reasonable minimum annual reliability and availability requirements applicable to the RTO West Controlled Transmission Facility maintenance activities of the Executing Transmission Owner. The maintenance performance plan shall also take into account:

- (1) Good Utility Practice,
- (2) Potential benefits from coordinating maintenance activities among Participating Transmission Owners,
- (3) Life-cycle costs,
- (4) Competitive maintenance management practices,
- (5) Appropriate new techniques and technologies,
- (6) Any unique Transmission Facility requirements,
- (7) Service requirements of wholesale and retail customers served from the

RTO West Controlled Transmission Facilities *{and Certain Distribution Facilities}* and

- (8) System optimization strategies.

If such maintenance performance plan has not been jointly completed within one (1) year of the Transmission Service Commencement Date, either RTO West or the Executing Transmission Owner may invoke the Dispute Resolution process to resolve any disputes as to the minimum elements of an appropriate maintenance performance plan. Either RTO West or the Executing Transmission Owner may also invoke the Dispute Resolution process to resolve any disputes as to proposed changes to any performance plan then in effect. The Executing Transmission Owner shall thereafter comply with such performance plan. The Executing Transmission Owner agrees to perform all maintenance on its Transmission Facilities *{and Certain Distribution Facilities}* consistent with industry standards to protect service to its Interconnected Load. RTO West may request the Executing Transmission Owner to perform additional maintenance to protect the RTO West Transmission System *{ (including Certain Distribution Facilities)}*.

11.3 Maintenance Performance Plan Disputes. If, pursuant to the RTO West Tariff, any Transmission Customer initiates an RTO West Arbitration Process addressing the adequacy of or access to Transmission Services, which arbitration relates to the Executing Transmission Owner's compliance with the maintenance performance plan or maintenance performance standards as set forth in Section 11.2, (1) RTO West shall notify the Executing Transmission Owner before initiation of such dispute resolution process and shall arrange for the Executing Transmission Owner, upon its request, to intervene as a party to all phases of such process and (2) the Executing Transmission Owner, at RTO West's request, shall intervene as a party in all phases of such dispute resolution process.

11.4 Annual Maintenance Performance Reports. Within four (4) months after the end of each calendar year in which a maintenance performance plan, created under Section 11.2, is in effect, the Executing Transmission Owner and RTO West shall submit their actual maintenance performance data to the other for such calendar year, in a format and containing such information as the other reasonably specifies, so that (1) RTO West can assess the Executing Transmission Owner's compliance with the maintenance performance plan in effect for such calendar year and (2) the Executing Transmission Owner can assess RTO West's compliance with its performance standards in effect for such calendar year.

12. RTO West Critical Control Facilities. The following provisions shall apply to the extent that the Executing Transmission Owner owns or has the contractual right to control facilities that meet the definition of RTO West Critical Control Facilities:

12.1 Designation of RTO West Critical Control Facilities. Exhibit E sets forth the initially designated RTO West Critical Control Facilities. Upon the request of either Party, the Parties shall amend Exhibit E to supplement or redesignate the RTO West Critical Control Facilities. If either Party disputes whether facilities should be added to or removed from Exhibit E as RTO West Critical Control Facilities, such dispute shall be subject to Dispute Resolution.

12.2 Control and Operation of RTO West Critical Control Facilities. To the extent consistent with constitutional and statutory provisions applicable to the Executing Transmission Owner and consistent with applicable third-party contract rights, the Executing Transmission Owner shall make all reasonable efforts to permit all RTO West Critical Control Facilities otherwise subject to the Executing Transmission Owner's control to be operated in such manner as

RTO West may reasonably request, which may include RTO West's provision, at its expense, of direct automatic or manual control of such RTO West Critical Control Facilities. If the Executing Transmission Owner disputes that direct control requested by RTO West is necessary in order to maintain RTO West Transmission System *{including Certain Distribution Facilities}* Total Transmission Capability and reliability, such dispute shall be subject to Dispute Resolution.

13. RTO West Compliance and Coordination Standards.

13.1 Compliance by RTO West with Industry Standards and Regulatory Requirements. RTO West shall at all times comply with (1) Good Utility Practice; (2) all applicable standards of NERC and WSCC related to planning and operations; (3) all applicable requirements of regulatory agencies with authority over such planning and operations; (4) with respect to operation of the RTO West Controlled Transmission Facilities *{and Certain Distribution Facilities}*, the operating reliability criteria, dispatch standing orders and operating bulletins and other similar documents and criteria of the Executing Transmission Owner as provided to RTO West, unless and until modified by RTO West, provided that any such modifications comply with applicable NERC and WSCC standards; and (5) all laws, treaties and regulations applicable to the provision of Transmission Services and to the operation of and services over the Executing Transmission Owner's Transmission Facilities *{and Certain Distribution Facilities}*. If any new law applicable to the Executing Transmission Owner's operation of its Transmission Facilities *{or Certain Distribution Facilities}* is enacted after the Transmission Service Commencement Date, RTO West shall comply with such new law. The Executing Transmission Owner shall consult with RTO West in developing provisions

implementing such new law. The Executing Transmission Owner may enforce the obligations of RTO West under this Section 13.1 after reasonable notice and opportunity to cure, only through equitable relief, except as otherwise provided in Section 19.8; provided, however, that nothing in this Section 13.1 shall limit the Executing Transmission Owner's right to terminate this Agreement as provided in Section 2.3.2. Nothing in this Section 13.1 shall be construed to require RTO West to take any action to implement laws or regulations applicable to the Executing Transmission Owner's generation resources or distribution assets, other than the Federal Power Act or other statutes or regulations directly applicable to RTO West as the responsible party, without the consent and agreement of RTO West, which consent shall not be unreasonably withheld.

13.2 Compliance by the Executing Transmission Owner with Industry Standards and Regulatory Requirements. In carrying out the requirements of this Agreement, the Executing Transmission Owner shall not be required to take actions that would violate NERC or WSCC standards, standards of any other entity applicable by FERC rule or policy to approved RTOs, its FERC licenses, other FERC requirements, its NRC licenses or NRC standards, applicable laws or regulations, applicable treaties, applicable nonpower requirements with which the Executing Transmission Owner is obligated to comply (including, without limitation, environmental laws, regulations, court and administrative orders or biological opinions) or its safety requirements.

13.3 Regional and Interregional Transmission Coordination. RTO West shall become a member of appropriate regional and interregional transmission reliability and planning forums, committees and work groups applicable to the geographic areas served by the RTO West Transmission System. Subject to Section 23, RTO West shall submit RTO West Transmission

System data as required by such forums, committees and work groups, including, but not limited to, power flow, stability and market monitoring data and studies; FERC 715 filing requirements; data needed for transmission planning studies; and reports concerning significant RTO West Transmission System expansion plans.

14. Upgrades to and Expansion of RTO West Controlled Transmission Facilities.

14.1 Right of Executing Transmission Owner To Upgrade or Expand Its RTO West Controlled Transmission Facilities. The Executing Transmission Owner may upgrade or expand the RTO West Controlled Transmission Facilities subject to the provisions of this Section and Section 15.2.1.

14.2 Right of RTO West To Arrange for Upgrades to or Expansion of Executing Transmission Owner's RTO West Controlled Transmission Facilities. RTO West may arrange for an upgrade or expansion of the Executing Transmission Owner's RTO West Controlled Transmission Facilities if RTO West determines that upgrades or expansions are necessary to (1) implement the provisions of Section 6.2.1.2, (2) remedy insufficiency of the Executing Transmission Owner's Congestion Management Assets in accordance with Section 8.4.4 or (3) ensure compliance with the Transmission Adequacy Standards (after providing the Executing Transmission Owner with prior written notice and reasonable opportunity to satisfy such standards). In addition, if the RTO West Board of Trustees in consultation with the Market Monitoring Unit demonstrates market failure to mitigate chronic, significant, commercial congestion, RTO West may upgrade or expand the Executing Transmission Owner's RTO West Controlled Transmission Facilities to address such congestion. Demonstration of such market

failure shall be based on substantial evidence on the record in a public process. Whenever RTO West arranges for an upgrade or expansion of the Executing Transmission Owner's RTO West Controlled Transmission Facilities to ensure compliance with Transmission Adequacy Standards, RTO West shall permit the upgrade or expansion only after RTO West has confirmed that the upgrade or expansion satisfies the Transmission Adequacy Standards. The Executing Transmission Owner shall be entitled to submit a bid to construct any upgrade or expansion that RTO West arranges pursuant to this Section 14.2. RTO West shall not act as the project manager with respect to any upgrade or expansion carried out pursuant to this Section 14.2. RTO West shall have the right to allocate the costs of such upgrades or expansions to the Executing Transmission Owner as Transmission Facility Cost Sharing Payments to the extent RTO West determines that the Executing Transmission Owner's Interconnected Loads have benefited from the upgrade or expansion.

14.3 Support of Upgrades to and Expansion of RTO West Controlled Transmission Facilities. The Executing Transmission Owner shall, upon the request of RTO West and consistent with applicable law, take the following actions to support (1) upgrades or expansions to the RTO West Controlled Transmission Facilities that RTO West determines are necessary under Section 14.2 or (2) third-party projects that meet the standards of Section 15.2.1:

14.3.1 Interconnection. Permit the installation of such expansions and upgrades and the interconnection of such upgrades or expansions with the RTO West Controlled Transmission Facilities; provided that, except as provided in rates charged pursuant to an RTO West Tariff conforming to the provisions of Sections 16 and 17 of this Agreement, the Executing Transmission Owner shall not, solely by virtue of its duty to interconnect an upgrade or expansion,

be obligated to incur or assume any of the costs of such installations or interconnections, and RTO West shall take such actions as are necessary to assure the Executing Transmission Owner that it will not be required to incur or assume any such costs. Nothing in this Section 14.3.1 shall operate to limit RTO West's rights under Section 14.2.

14.3.2 Cooperation. To the extent permitted under applicable law, cooperate with RTO West in connection with (1) obtaining necessary siting and other permits and licenses, (2) the shared use or expansion of the Executing Transmission Owner's rights-of-way as needed for the upgrade or expansion, (3) requests for the sale or assignment of necessary rights-of-way and (4) the planning and construction of the upgrades or expansions by a third party designated by RTO West; provided that (i) at a minimum, the Executing Transmission Owner shall be allowed to coordinate with the third-party contractor to ensure the safety and reliability of the Executing Transmission Owner's Electric System and (ii) except as provided in rates charged pursuant to an RTO West Tariff that conforms to Sections 16 and 17 of this Agreement, the Executing Transmission Owner shall not, solely by virtue of its duty to cooperate, be obligated to incur or assume any of the costs of such cooperation, and RTO West shall take such actions as are necessary to assure the Executing Transmission Owner that it will not be required to incur or assume any such costs.

14.3.3 Exercise of Eminent Domain Authority. To the extent necessary and permitted under applicable law, take appropriate steps, including (1) exercising its eminent domain authority, (2) taking appropriate regulatory and judicial actions to condemn the necessary rights-of-way for such upgrades or expansions and (3) if necessary to support such exercise of eminent domain authority, acquiring legal title to such upgrades or expansions; provided that the Executing

Transmission Owner (i) may, subject to applicable governmental siting requirements, consider facility locations that it finds less disruptive to the public than the location or locations that RTO West may have selected and that will meet the service requirements of RTO West and its transmission customers and (ii) shall not, except as provided in rates charged pursuant to an RTO West Tariff conforming to Sections 16 and 17 of this Agreement, solely by virtue of its duty to exercise eminent domain authority, be obligated to incur or assume any of the costs of such exercise of eminent domain authority, of such regulatory or judicial actions or of such legal ownership, and RTO West shall take such actions as are necessary to assure the Executing Transmission Owner that it will not be required to incur or assume any such costs. If the Executing Transmission Owner is an entity that may not under applicable law be required by RTO West to take the actions specified herein, RTO West reserves all other remedies.

14.3.4 No-Action Alternative. Nothing herein shall be interpreted to prohibit the Executing Transmission Owner from adopting a no-action alternative under applicable environmental law; provided that any such decision shall be subject to Dispute Resolution as provided herein.

14.4 RTO West's Remedy. If the Executing Transmission Owner fails promptly and completely to comply with the requirements of Section 14.3, RTO West reserves the right to exercise all remedies available to it, including, but not limited to, filing with FERC a request for an order requiring the Executing Transmission Owner to comply.

14.5 Revenue Recovery for Expansion of RTO West Controlled Transmission Facilities. If the Executing Transmission Owner is requested by RTO West or is ordered by FERC to construct, purchase or otherwise acquire additional transmission facilities, or otherwise to

include any other such facilities as RTO West Controlled Transmission Facilities {and Certain Distribution Facilities} hereunder, RTO West will support the inclusion by the Executing Transmission Owner of the reasonable cost of such transmission facilities in the Executing Transmission Owner's rates. Nothing in this Section 14.5 shall restrict the right of the Executing Transmission Owner to request and to receive revenue recovery with respect to any other additional transmission facilities, pursuant to applicable orders authorizing such revenue recovery.

14.6 Executing Transmission Owner's Rights in Connection with Upgrades or Expansions of RTO West Controlled Transmission Facilities. Absent agreement otherwise with a third-party project sponsor, the Executing Transmission Owner shall maintain any facilities constructed or added as part of an upgrade or expansion project to which it takes legal title. The Executing Transmission Owner shall be relieved of its obligations under Section 14 unless the third-party sponsor provides adequate assurances of the following to the Executing Transmission Owner before the commencement and upgrade or expansion of RTO West Controlled Transmission Facilities as arranged by RTO West: (1) that the third-party sponsor shall assume sole responsibility for the construction and, if applicable, maintenance of the upgrade or expansion; (2) that the third-party sponsor shall indemnify the Executing Transmission Owner and RTO West against any claims or liabilities arising out of the construction or, if applicable, maintenance of the upgrade or expansion; (3) if the Executing Transmission Owner is required to exercise its eminent domain authority pursuant to Section 14.3.3, that the third-party sponsor shall accept cost responsibility, provide commercially adequate security for such costs and indemnify the Executing Transmission Owner against any claims arising from any acquisition by the Executing Transmission Owner of legal title of any upgrade or expansion facilities; and (4) that the

third-party sponsor has adequate financial resources and experience to complete the project. If the Executing Transmission Owner participates in an upgrade or expansion pursuant to Section 14.6.1, RTO West shall not arrange for and proceed with the upgrade or expansion with a third-party sponsor in the absence of an agreement between such third-party sponsor and the Executing Transmission Owner with respect to the terms and conditions of each upgrade or expansion, construction and maintenance responsibilities, ownership rights and the allocation of costs and benefits resulting from the upgrade or expansion including an allocation of transmission rights assigned to the upgrade or expansion by RTO West pursuant to Section 14.6.1.2, and a resolution of cost responsibility if the Executing Transmission Owner is required to exercise its eminent domain authority pursuant to Section 14.3.3.

14.6.1 Executing Transmission Owner's Rights To Participate in Certain Upgrades or Expansions on Rights of Way or on RTO West Controlled Transmission Facilities. RTO West shall provide the Executing Transmission Owner with reasonable notice of any third-party-sponsored project on or interconnected with the RTO West Controlled Transmission Facilities. The Executing Transmission Owner has the right to participate in an upgrade or expansion proposed to RTO West by a third party that creates added capability on rights of way or on its RTO West Controlled Transmission Facilities with respect to (1) any upgrades or expansion in which (i) the upgrade or expansion has been fully engineered and (ii) the project sponsor has applied for all relevant siting and other required permits within two (2) years after the Transmission Service Commencement Date and (2) any upgrades or expansion that the Executing Transmission Owner has included on its Pending Project List. The Executing Transmission Owner shall have the right to receive a portion of the transmission rights resulting

from such upgrade or expansion in exchange for an appropriate cost-sharing responsibility in accordance with the following provisions.

14.6.1.1 Election by Executing Transmission Owner To Participate.

RTO West shall require any third-party project sponsor that proposes to upgrade or expand the Executing Transmission Owner's RTO West Controlled Transmission Facilities to furnish to the Executing Transmission Owner an estimate of the level of transmission rights that will be attributable to the upgrade or expansion. If the Executing Transmission Owner elects to exercise its right to participate in a proposed upgrade or expansion under Section 14.6.1, it shall notify RTO West of that election within ninety (90) days of receipt of notice from RTO West of the proposed upgrade or expansion.

14.6.1.2 Allocation of Transmission Use Rights to Certain Upgrades or

Expansions. If the Executing Transmission Owner elects under Section 14.6.1 to participate in a third-party-sponsored upgrade or expansion, RTO West shall facilitate good-faith negotiations among RTO West, the Executing Transmission Owner and any third-party project sponsor(s) that proposes to upgrade or expand the Executing Transmission Owner's RTO West Controlled Transmission Facilities to arrive at a mutually agreed-upon level of transmission use rights attributable to an upgrade or expansion taking into account (1) the capacity and other value created on the RTO West Transmission System by the upgrade or expansion and (2) whether the upgrade or expansion increases both Operational Transmission Capability and Total Transmission Capability (or just Operational Transmission Capability). If RTO West, the Executing Transmission Owner and the third-party project sponsor(s) that proposes to upgrade or expand the Executing Transmission Owner's RTO West Controlled Transmission Facilities cannot agree upon

the level of transmission rights attributable to the upgrade or expansion within sixty (60) days after the initiation of negotiations, RTO West shall make its own determination. In addition, RTO West shall permit the Executing Transmission Owner and the third-party project sponsor(s) to attempt, during the same sixty- (60-) day period, to agree upon the allocation of the transmission use rights in any expanded capacity as between the Executing Transmission Owners and third-party sponsor(s). If the Executing Transmission Owner and the third-party project sponsor(s) agree, the allocation shall be in accordance with their agreement. If the Executing Transmission Owner and the third-party project sponsor(s) cannot agree upon the allocation of the transmission use rights in any expanded capacity within the sixty- (60-) day period, RTO West shall make its own determination of the appropriate allocation, taking into account (i) the cost contribution of existing facilities, (ii) the needs of the Executing Transmission Owner to meet its Pre-Existing Transmission Agreements And Obligations, (iii) the impact of the upgrade or expansion on the Executing Transmission Owner's ability to comply with Transmission Adequacy Standards and (iv) the cost of the upgrade or expansion. To implement determinations made pursuant to this Section 14.6.1, RTO West may require Transmission Facility Cost Sharing Payments. RTO West's determinations regarding the level and allocation of transmission use rights to an upgrade or expansion and any Transmission Facility Cost Sharing Payment allocated to the Executing Transmission Owner shall be made consistent with the RTO West Tariff and are subject to the RTO West Arbitration Process.

{14.7 Upgrades to Certain Distribution Facilities. Consistent with Section 15.4, if RTO West determines that upgrades to Certain Distribution Facilities are necessary to support or improve Total Transmission Capability or for regional reliability, RTO West may arrange for such

upgrades, subject to prior resolution of allocation of costs and transmission rights for the upgrades or reimbursement by RTO West and consistent with the provisions of Sections 14.2, 14.3 and 14.6. RTO West shall allocate the costs of such upgrades to those parties that benefit from the improvement of Total Transmission Capability and regional reliability; provided that if such costs are allocated to the Executing Transmission Owner the upgrade must be required to satisfy the Executing Transmission Owner's obligations. The Executing Transmission Owner shall have the right to include any such costs in its applicable tariff. Any determination, action or allocation by RTO West under this Section 14.7 shall be subject to Dispute Resolution. The Executing Transmission Owner shall provide facility ratings for Certain Distribution Facilities to RTO West and shall ensure RTO West has data necessary to determine Operational Transmission Capability and Total Transmission Capability. }

[For Transmission Operating Agreements for Participating Transmission Owners that do not include Certain Distribution Facilities:]

14.7 Upgrades to Certain Distribution Facilities. Consistent with Section 15.4, if RTO West determines that upgrades to Certain Distribution Facilities are necessary to support or improve Total Transmission Capability or for regional reliability, RTO West may arrange for such upgrades to the Certain Distribution Facilities, subject to prior resolution of allocation of costs and transmission rights for the upgrades or reimbursement by RTO West consistent with the provisions of Sections 14.2, 14.3 and 14.6. RTO West shall allocate the costs of such upgrades to those parties that benefit from the improvement of Total Transmission Capability and regional reliability; provided that if such costs are allocated to a Participating Transmission Owner the upgrade must be required to satisfy such Participating Transmission Owner's obligations. A

Participating Transmission Owner that is allocated any such costs shall have the right to include any such costs in its applicable tariff. Any determination, action or allocation by RTO West under this Section 14.7 shall be subject to Dispute Resolution. RTO West shall require a Participating Transmission Owner to provide facility ratings for Certain Distribution Facilities to RTO West and to provide data to RTO West necessary to determine Operational Transmission Capability and Total Transmission Capability.

15. Planning.

15.1 RTO West's Planning Responsibility. RTO West shall have ultimate authority for long-range planning for the RTO West Controlled Transmission Facilities. RTO West shall develop a broad, inclusive planning process that provides for meaningful input from interested parties, including the Executing Transmission Owner. Consistent with any FERC requirements, RTO West may share its planning responsibility with the Executing Transmission Owner as appropriate, and, if FERC has determined that the Executing Transmission Owner is independent from control of market participants, RTO West shall share its planning responsibilities with the Executing Transmission Owner. RTO West shall, through its planning process, encourage and facilitate market solutions to identified transmission expansion needs within RTO West and the Western Interconnection.

15.2 RTO West's Determinations Related to Additions, Modifications and Expansions. RTO West shall have the right to review all proposals for additions, modifications or expansions to RTO West Controlled Transmission Facilities (including those RTO West has arranged for pursuant to Section 14.2).

15.2.1 Conditions for Interconnection. RTO West shall permit the interconnection of additions and expansion of the RTO West Controlled Transmission Facilities if RTO West determines that (1) project sponsors have appropriately mitigated negative impacts, if any, to system transfer capability or reliability, provided project sponsors shall not be required to mitigate negative commercial impacts; (2) project sponsors offered interested parties an opportunity to participate in their planning process and allow such parties an opportunity to modify the proposed project in a manner that would increase its transfer capability or reliability benefits subject to the interested parties assuming responsibility for the increased costs resulting from the modification; and (3) the proposed additions or modifications satisfy applicable interconnection and integration requirements set out in Section 5.

15.2.2 Executing Transmission Owner Proposals To Meet Transmission Adequacy Standards. RTO West shall approve Executing Transmission Owner proposals for additions, modifications or expansions to RTO West Controlled Transmission Facilities to meet Transmission Adequacy Standards upon (1) confirming that the Executing Transmission Owner's proposal satisfies Transmission Adequacy Standards and (2) finding that the proposal was either (i) developed in a least-cost planning process or (ii) evaluated, upon the request of the Executing Transmission Owner, through RTO West's least-cost planning process.

15.2.3 Approval Not To Be Unreasonably Delayed or Withheld. RTO West's approval of additions, modifications or expansion to the RTO West Controlled Transmission Facilities shall not be unreasonably delayed or withheld.

15.3 Planning Activities of the Executing Transmission Owner and RTO West. The Executing Transmission Owner shall have the right to carry out planning activities with respect to

its Electric System as it deems appropriate, subject to applicable requirements in this Agreement. RTO West shall have the right to carry out planning activities with respect to the RTO West Controlled Transmission Facilities as it deems appropriate, subject to applicable requirements in this Agreement. Neither Party's planning activities shall operate as a limitation on the other Party's ability to carry out planning activities as provided in this Agreement, but a Party's performance of any planning study or other planning-related activity shall not operate to override any obligation or limitation applicable to that Party under this Agreement.

{15.4 Planning Responsibility for Certain Distribution Facilities. RTO West shall include Certain Distribution Facilities in its planning process and shall determine Total Transmission Capability based in part on such facilities. Notwithstanding the foregoing, the Executing Transmission Owner shall retain ultimate authority for all local distribution planning with respect to its Electric System. }

[For Transmission Operating Agreements for Participating Transmission Owners that do not include Certain Distribution Facilities:]

15.4 Planning Responsibility for Certain Distribution Facilities. RTO West shall include Certain Distribution Facilities in its planning process and shall determine Total Transmission Capability based in part on such facilities.

16. Executing Transmission Owner's Rates. [Note: During the Company Rate Period, Section 16 would not be applicable to any Participating Transmission Owner whose transmission rates are not subject to the jurisdiction of FERC or of a Canadian Regulatory Authority.]

16.1 Executing Transmission Owner's Rate Schedules. The Executing Transmission Owner retains its right to file rate schedules for use of the Transmission Facilities as provided hereunder, as follows:

16.1.1 Company Rate Period Rate Schedules. During the Company Rate Period, the Executing Transmission Owner shall establish Company Costs and Company Billing Determinants for its Company Loads, except as otherwise provided in Section 17. RTO West, acting as billing agent for the Executing Transmission Owner, shall apply Company Costs and other costs as set forth in Sections 17.2 and 17.3 and Exhibit G of this Agreement, to derive Company Rates to be paid by the Executing Transmission Owner's Company Loads for the Company Rate Period.

16.1.2 Post-Company Rate Period Rate Schedules. After conclusion of the Company Rate Period, the Executing Transmission Owner shall continue to establish, in accordance with applicable law, its tariffs or rate schedules for charges to be recovered through RTO West consistent with this Agreement.

16.2 Initial and Revised Rates. [For public utilities as defined by the Federal Power Act: **The initial and revised rates, charges and fees (including, during the Company Rate Period, Company Costs and Company Billing Determinants) of the Executing Transmission Owner shall be as set forth in rate schedules as accepted for filing by FERC. Nothing contained in this Agreement shall be construed as affecting in any way the right of the Executing Transmission Owner to unilaterally make application to FERC, under section 205 of the Federal Power Act or any successor statute and pursuant to FERC's rules and regulations promulgated thereunder, for a change in its rates, charges and fees (including,**

during the Company Rate Period, its Company Costs or Company Billing Determinants) for the services provided hereunder; provide d, however, that the Executing Transmission Owner shall not make such unilateral filings to the extent prohibited by law.]

[For Bonneville’s Transmission Operating Agreement only: The initial and revised rates, charges and fees (including, during the Company Rate Period, Company Costs and Company Billing Determinants) of the Executing Transmission Owner shall be (1) as established by the Executing Transmission Owner in a rate proceeding as specified in section 7(i) of the Pacific Northwest Electric Power Planning and Conservation Act and as thereafter confirmed and/or approved by FERC on an interim or final basis or (2) as established and, if necessary, approved in accordance with applicable law if the rate-setting or other cost-recovery authority or procedures applicable to the Executing Transmission Owner are subsequently revised by statute. Nothing contained in this Agreement shall be construed as limiting or otherwise affecting in any way (i) the Executing Transmission Owner’s right to change its rates, charges and fees (including, during the Company Rate Period, its Company Costs or Company Billing Determinants) pursuant to applicable law; provided, however, that the Executing Transmission Owner agrees not to make unilateral filings for incentive rate treatment to the extent the Executing Transmission Owner would be prohibited by law from doing so if it were a Public Utility as defined under the Federal Power Act; or (ii) any duty or authority of the Executing Transmission Owner under any new legislation enacted after the date of this Agreement to recover costs, whether by way of rate, tax, rent, lease, payment, assessment, user charge or any other fee.]

16.3 Incentive Rate Making. With respect to facilities owned or otherwise controlled by Executing Transmission Owners, RTO West or such Executing Transmission Owners may make incentive rate filings or proposals to the extent permitted herein or as otherwise authorized by law. Such rate filings must be designed to ensure that they will not lead to unjust, unreasonable or otherwise unduly discriminatory results.

16.3.1 Incentive Proposals by Executing Transmission Owner. The Executing Transmission Owner shall retain the right to unilaterally file with FERC for modification of its rates and rate recovery mechanisms, including performance-based rates and other innovative and incentive-oriented rate recovery mechanisms, if FERC determines that such Executing Transmission Owner is independent from control of market participants or otherwise is entitled by law to obtain such recovery. The Executing Transmission Owner shall consult with RTO West whenever possible before making a filing under this provision, to avoid conflicts with the RTO West Tariff rate design. RTO West shall retain the right to reconcile any such conflicts and will conform its tariffs and practices as necessary to ensure collection of rate recovery mechanisms accepted by FERC for the Executing Transmission Owner. Nothing in this Section 16.3.1 shall modify the Executing Transmission Owner's rights or obligations under Sections 16.1.1 and 16.1.2.

16.3.2 Incentive Proposals by RTO West. RTO West shall consider incentive, innovative or performance-based rate proposals submitted by the Executing Transmission Owner and may include in the RTO West Tariff those proposals acceptable to RTO West or modified proposals acceptable to RTO West and the Executing Transmission Owner. RTO West shall have the sole and exclusive right to determine whether to file such proposals with FERC. Except as

otherwise authorized by FERC, rates established under this provision shall not apply to Executing Transmission Owners who have FERC-approved incentive rates under Section 16.3.1.

16.4 Recovery of Stranded Costs. Nothing included in or omitted from this Agreement is intended to create, modify or extinguish any right or obligation, if any and whether now or hereafter existing, of either Party regarding recovery by the Executing Transmission Owner through transmission charges or other means of the Executing Transmission Owner's Stranded Costs, and such rights or obligations, if any, shall be as if this Agreement had not been executed. The Executing Transmission Owner expressly reserves the right to file rate schedules with FERC or with any other entity with applicable jurisdiction for the recovery of Stranded Costs and to collect Stranded Costs under such rate schedules, as accepted for filing or approved by the entity with jurisdiction, with respect to wholesale or retail loads with access to the Executing Transmission Owner's Transmission Facilities *{or Certain Distribution Facilities}*. Any such load shall be deemed, for purposes of this Section 16.4, to access such Transmission Facilities *{or Certain Distribution Facilities}* if and to the extent that, (1) either as of the date of this Agreement or at any time thereafter, the point(s) of interconnection of such load with the RTO West Transmission System *{(including Certain Distribution Facilities)}* are or were with such Transmission Facilities *{or Certain Distribution Facilities}* or (2) such load is not, as of the date of this Agreement or at any time thereafter, directly connected to the Transmission Facilities *{or Certain Distribution Facilities}* but, in the absence of RTO West, would have had insufficient transmission interconnections with transmission providers other than the Executing Transmission Owner to receive the power being wheeled to such load. Demonstration of sufficient transmission interconnections with other transmission providers requires (i) a reasonable showing that the

alternative path(s) would have sufficient available transmission capacity to provide the wheeling, based on the capability and uses of those paths before RTO West formation and (ii) the cost of wheeling over the alternative path(s) would have been economical when compared to the total cost of wheeling over the Executing Transmission Owner's Transmission Facilities, *{and Certain Distribution Facilities,}* including the payment of Stranded Costs. The RTO West Tariff shall contain an automatic-adjustment clause or other provision that provides for the recovery of such Stranded Costs as a surcharge for Transmission Service to such loads.

16.5 Annual Reporting Requirements. By June 1 of each year, the Executing Transmission Owner shall make a report to RTO West of its costs in the most recent calendar year for those items that are the basis of the rates to RTO West in the Executing Transmission Owner's applicable rate schedule. The report will be supplied using information equivalent to the nonconfidential information provided by FERC jurisdictional utilities in FERC Form No. 1. Such annual report shall include, but shall not necessarily be limited to, (1) Transmission Facilities rate base (plant balances for Transmission Facilities, depreciation, allocated general plant, etc.), (2) Transmission Facilities expenses (depreciation, Transmission Facilities operation and maintenance, allocated portions of administrative and general, etc.) and (3) a list of Transmission Facilities constructed or retired during the reporting period. An entity that is a Public Utility as defined in the Federal Power Act shall satisfy this annual reporting requirement by providing any applicable nonconfidential data that such public utility has provided to FERC pursuant to FERC's reporting requirements.

17. RTO West's Rate Schedules. RTO West shall have the right to file rate schedules for its Transmission Services and Ancillary Services, subject to the following provisions: [**Note: During the Company Rate Period, Section 17 and Exhibit G generally would not apply to any Participating Transmission Owner whose Transmission Rates are not subject to the jurisdiction of FERC or of a Canadian Regulatory Authority.**]

17.1 Initial and Revised Rates. The initial and revised rates charged to the Executing Transmission Owner by RTO West shall be under rate schedules as accepted for filing or approved by FERC; provided, however, that RTO West shall not add any charges to the Executing Transmission Owner's revenue requirement to provide RTO West or any party other than the Executing Transmission Owner with a profit or return on the Executing Transmission Owner's assets. Nothing contained in this Agreement shall be construed as affecting in any way the right of RTO West to unilaterally make application to FERC, under section 205 of the Federal Power Act or any successor statute and pursuant to FERC's rules and regulations promulgated thereunder, for a change in the rates for the services provided hereunder. If, for any period after the Company Rate Period, RTO West implements a rate structure other than the Company Rate structure as set forth herein, RTO West agrees to develop and implement rates to recover revenues (1) adequate to meet the Executing Transmission Owner's annual revenue requirement as allowed by law, (2) consistent with rate recovery mechanisms submitted pursuant to Section 16.3 and approved by FERC and (3) that continue to be collected in a manner that satisfies all obligations of Bonneville for the net billing and payment of costs of nuclear generating projects owned in whole or in part by Energy Northwest or Eugene Water and Electric Board, whether or not such projects are terminated or operating, and to continue to ensure that revenues of Bonneville from the use of

transmission facilities owned by Bonneville are not subject to diversion to pay obligations other than those of Bonneville. RTO West and the Executing Transmission Owner agree to cooperate, before any termination of the Company Rate structure, in developing such rate structure.

17.2 RTO West’s Rates During the Company Rate Period. Notwithstanding any other provision of this Agreement, during the Company Rate Period, RTO West’s charges for all Transmission Service using the RTO West Transmission System shall be composed of

- (1) Company Rate charges (which, for the Executing Transmission Owner, shall be imposed by RTO West as billing agent for the Executing Transmission Owner) payable by Company Loads;
- (2) Transfer Charges allocated pursuant to any requirements of the Transmission Operating Agreement or as a consequence of converting and suspending Pre-Existing Transmission Agreements And Obligations pursuant to Section 9.3;
- (3) External Interface Access Fees charged for acquisition of rights to External Interface Access as set forth in the pricing proposal, Attachment E1 to the Stage 2 Filing and Request for Declaratory Order Pursuant to Order 2000 filed with FERC on March 29, 2002 (“Stage 2 Filing Letter”) and in accordance with Exhibit I to this Agreement;
- (4) a charge or set of charges, if necessary, to implement the Backstop Recovery Mechanism in accordance with Attachment E1 to the Stage 2 Filing Letter and Exhibit I to this Agreement;
- (5) a Grid Management Charge in accordance with Exhibit J to this Agreement;
- (6) rates, charges and fees to compensate RTO West for such other costs as it incurs related to management of congestion on the RTO West Controlled Transmission Facilities, real-power losses and Ancillary Services; and
- (7) any allocation of Stranded Costs, as provided in Section 16.4.

17.3 Pricing Methodology During the Company Rate Period. For the Company Rate Period, RTO West shall assign its costs of operation in a manner consistent with its pricing

proposal set forth in Attachment E1 to the Stage 2 Filing Letter, and the rates, charges and fees set forth below shall be derived in the manner specified in this Agreement. To the extent RTO West incurs costs not otherwise included in the rates, charges and fees set forth above in Section 17.2, RTO West shall assign such costs during the Company Rate Period to each Participating Transmission Owner on the basis of each Participating Transmission Owner's Interconnected Load Billing Determinants as filed with FERC. In addition, during the Company Rate Period, RTO West shall implement the pricing provisions of the RTO West Tariff in a manner consistent with the provisions of Sections 17.3.1 through 17.3.7.

17.3.1 Calculation of Company Rates. The Company Rate component of the RTO West Tariff shall be derived in the manner set out in Exhibit G to this Agreement.

17.3.2 Calculation of the External Interface Access Fee, Any Charge Fee to Implement the Backstop Recovery Mechanism and Allocation of Revenues. For the Company Rate Period, the External Interface Access Fee and any charge or set of charges necessary to implement the Backstop Recovery Mechanism of the RTO West Tariff shall be derived in the manner set out in Exhibit I to this Agreement. The method for allocating the revenues from the Replacement Revenue Pool shall be as set forth in Exhibits G and I to this Agreement.

17.3.3 Calculation of the Grid Management Charge. The Grid Management Charge component of the RTO West Tariff shall be derived in the manner set out in Exhibit J to this Agreement.

17.3.4 Options for Interconnected Load Taking Pre-Existing Contract Demand Service to Load. For any Interconnected Load of the Executing Transmission Owner that takes contract demand service for service to its load from the Executing Transmission Owner

immediately before the Transmission Service Commencement Date, the Interconnected Load may convert some or all of its Pre-Existing Transmission Agreements and pay a Transfer Charge to the Executing Transmission Owner for its Non-Converted Transmission Service up to the amount of the contract demand in such converted agreements.

17.3.5 Service to Load Growth. If an Interconnected Load of the Executing Transmission Owner has rights to load growth under a Non-Converted Transmission Agreement, the Executing Transmission Owner will have Catalogued Transmission Rights for that load growth pursuant to Section 8.3.1 and the Interconnected Load shall pay the Executing Transmission Owner the contract price or, if the Executing Transmission Owner's Merchant Function, the Company Rate for its service. If an Interconnected Load of the Executing Transmission Owner has rights to load growth under some or all converted Pre-Existing Transmission Agreements, the Interconnected Load shall pay the Company Rate for such converted service.

17.3.6 Service to New Loads. Any Interconnected Load executing a Load Integration Agreement after the RTO West Transmission Service Commencement Date shall take Transmission Services and pay the Company Rate.

17.3.7 Paying Agent. RTO West shall specify in the RTO West Tariff that the Company Rates for the Executing Transmission Owner's Company Loads, any successor rates, the Transfer Charges to be paid to the Executing Transmission Owner, External Interface Access Fees to be paid to the Executing Transmission Owner through allocation of the Replacement Revenue Pool and any applicable Wholesale Distribution Rates are to be billed by RTO West as a billing agent for the Executing Transmission Owner. RTO West shall have no ownership interest in the proceeds or receivables of the amounts billed by RTO West as the billing agent for the Executing

Transmission Owner. All applicable bills sent by RTO West shall provide for payment of the portion of the bill related to Company Rates, any successor rate, Transfer Charges, External Interface Access Fee, any charge or set of charges necessary to implement the Backstop Recovery Mechanism and Wholesale Distribution Rate, if any, directly to a paying agent designated by the Executing Transmission Owner for receipt of its funds. As billing agent for the Executing Transmission Owner, RTO West shall (1) impose on behalf of the Executing Transmission Owner such charges on delinquent billings as are established by lawful tariffs of the Executing Transmission Owner and (2) employ such actions to collect delinquent payments and such remedies for nonpayment as RTO West employs for delinquent payments due RTO West, supplemented by any remedies established pursuant to lawful tariffs of the Executing Transmission Owner and subject to the Executing Transmission Owner's right to pursue judicial remedies. The requirement to use a paying agent shall not be restricted to the Company Rate Period.

17.4 Paying Agent Agreement. The Parties, concurrently with execution of this Agreement, have executed a Paying Agent Agreement among the Initial Participating Transmission Owners. RTO West shall ensure that all Participating Transmission Owners also execute the forms of such agreements as are attached hereto as Exhibit L, contemporaneously with their execution of a Transmission Operating Agreement.

17.5 Costs Inconsistent with FERC Standards. After the Company Rate Period, any amounts payable by RTO West to a Participating Transmission Owner, the rates of which are not required to be accepted for filing or approved by FERC, with respect to costs of such Participating Transmission Owner that would not be allowed under FERC standards applicable to public utilities as defined in the Federal Power Act (adapted as necessary and appropriate to recognize relevant

differences between such Participating Transmission Owner and such public utilities), shall be recoverable only from rates paid by loads taking Transmission Services at points of delivery on the Electric System of such Participating Transmission Owner.

17.6 Costs of Loss of Tax-Exempt Status of Existing Tax-Exempt Bonds.

17.6.1 Avoidance or Mitigation of Damages. If it is reasonably foreseeable that the transfer by the Executing Transmission Owner to RTO West, pursuant to this Agreement, of Operational Control of any or all of the Transmission Facilities, or the use of any capacity on any or all of such Transmission Facilities pursuant to such transfer, would cause any of the outstanding tax-exempt bonds of the Executing Transmission Owner to become taxable as private activity bonds or otherwise under regulations, rulings or other pronouncements issued by the Internal Revenue Service under the Internal Revenue Code of 1986, as amended, the Executing Transmission Owner shall use its reasonable efforts to avoid or mitigate any potential damages or liabilities resulting from such loss of tax-exempt status of such bonds.

17.6.2 Costs Recoverable from Transmission Facility Loads. If the transfer by any Participating Transmission Owner to RTO West, pursuant to a Transmission Operating Agreement, of Operational Control of any or all of such Participating Transmission Owner's Transmission Facilities, or the use of any capacity on any or all of such Transmission Facilities pursuant to such transfer, causes any of the then outstanding tax-exempt bonds of such Participating Transmission Owner to become taxable as private activity bonds or otherwise under regulations, rulings or other pronouncements issued by the Internal Revenue Service under the Internal Revenue Code of 1986, as amended, or results in a breach or violation of any covenant of such Participating Transmission Owner in any indenture for any outstanding tax-exempt bonds

issued by such Participating Transmission Owner, any costs, charges, losses, liabilities, penalties or damages incurred by such Participating Transmission Owner as a proximate result of such loss of tax-exempt status of such bonds, or such breach or violation of any such covenant in any such indenture, shall, subject to the provisions of Section 17.6.3, be recoverable only from rates paid by loads taking Transmission Services at points of delivery on the Transmission Facilities of such Participating Transmission Owner, as such Transmission Facilities are identified in the Transmission Operating Agreement of such Participating Transmission Owner.

17.6.3 Costs Recoverable Without Regard to the Provisions of Section 17.6.2.

Notwithstanding any other provision of this Agreement, the following amounts shall not in any event be subject to the limitations of Section 17.6.2, shall be paid to a Participating Transmission Owner by RTO West and shall be recoverable through the RTO West Tariff as an administrative and general cost item, without regard to the limitations of Section 17.6.2: (1) any fees, costs, charges and expenses reasonably incurred by a Participating Transmission Owner in connection with any issuance of bonds in replacement of any tax-exempt bonds allocable to any or all of such Participating Transmission Owner's Transmission Facilities whether (i) pursuant to a refinancing in contemplation of the transfer of Operational Control of such Transmission Facilities by such Participating Transmission Owner to RTO West or (ii) in connection with a defeasance of any such tax-exempt bonds pursuant to a change of use of any such Transmission Facilities as a result of (a) transfer of Operational Control of such Transmission Facilities by such Participating Transmission Owner to RTO West or (b) any use of any capacity on any or all of such Transmission Facilities pursuant to such transfer, so long as the amounts of such fees, costs, charges and expenses are recovered from RTO West pursuant to Section 17 on an amortized basis

over the term of such bonds; and (2) the costs of any increased debt service, coverage or related requirements that a Participating Transmission Owner is obligated to recover as a result of issuance of bonds in replacement of any tax-exempt bonds allocable to any or all of such Participating Transmission Owner's Transmission Facilities, whether (i) pursuant to a refinancing in contemplation of the transfer of Operational Control of such Transmission Facilities by such Participating Transmission Owner to RTO West or (ii) in connection with a defeasance of any such tax-exempt bonds pursuant to a change of use of any such Transmission Facilities as a result of (a) transfer of Operational Control of such Transmission Facilities by such Participating Transmission Owner to RTO West or (b) any use of any capacity on any or all of such Transmission Facilities pursuant to such transfer, so long as such increased debt service, coverage or related requirements are attributable to amounts accruing from and after such transfer.

18. Business Practices, Budgeting, Records, Reporting, Information Sharing and Audits.

18.1 RTO West General Business Practices. RTO West shall conduct and manage its business in a commercially reasonable manner and shall adopt and enforce appropriate risk-management, credit and other business policies and practices that enable it to operate efficiently while maintaining a sound financial condition. RTO West shall classify the credit risks of its counter-parties and determine credit eligibility based upon its risk classifications. In addition, RTO West shall emphasize customer service and promote efficient market-based solutions to transmission needs.

18.2 RTO West Performance Standards, Budgeting and Record-Keeping.

18.2.1 RTO West Performance Standards. RTO West shall develop and implement, on an annual basis, performance standards for the operation, management and financial control of RTO West. With respect to the establishment of budgeting, performance and financial control policies applicable to the Market Monitoring Unit, RTO West shall do so in a manner that does not interfere with the proper implementation of the Market Monitoring Unit's responsibilities.

18.2.2 Preparation of RTO West Annual Budget. RTO West shall prepare and adopt an annual budget before the commencement of each fiscal year that shall reflect the performance standards in Section 18.2.1. At least ninety (90) days before the adoption of each annual budget, RTO West shall provide the annual budget to the Executing Transmission Owner for advice and comment. RTO West shall consider any comments on the budget that are provided by the Executing Transmission Owner. If, after the initial two (2) full fiscal years of operation, RTO West proposes to adopt an annual budget with an expense total that materially exceeds the annual expense total for the fiscal year last audited, RTO West shall consult with the Executing Transmission Owner with respect to potential budget reductions or financial controls.

18.2.3 RTO West General Record-Keeping. RTO West shall keep such financial, operational and other records as may be necessary for the efficient operation of the RTO West Transmission System *{(including Certain Distribution Facilities)}* and, except as necessary to protect Confidential Information, shall make such records available upon request for inspection by the Executing Transmission Owner. Without limiting the generality of any provision of Section 18 of this Agreement, RTO West shall comply with the provisions of Sections 18.2.3.1 and 18.2.3.2.

18.2.3.1 RTO West Transactional Record-Keeping. RTO West shall administer transaction accounting, storage of historical data and billing functions in connection with its provision of Transmission Services and Ancillary Services. Such services shall be rendered in full compliance with the provisions of the Paying Agent Agreement.

18.2.3.2 RTO West Annual Financial Reporting. As soon as reasonably practicable after the close of the fiscal year, RTO West shall prepare and make available to the Executing Transmission Owner annual financial statements in accordance with generally accepted accounting principles and requirements of FERC.

18.3 Audit of RTO West Records. The Executing Transmission Owner shall have the right to conduct an audit of RTO West's performance of its obligations to the Participating Transmission Owners under this Agreement. RTO West shall make its records, facilities and personnel available to the Executing Transmission Owner during the conduct of any such audit. The Executing Transmission Owner shall pay RTO West's reasonable costs of complying with such audit request.

18.4 Notice of Claim of Noncompliance by RTO West. In the event a third party questions or disputes RTO West's compliance with any of its obligations to the Executing Transmission Owner under the Transmission Operating Agreement, RTO West shall promptly inform the Executing Transmission Owner of (1) the question or dispute, (2) any formal or informal processes used to resolve the dispute and (3) any resolution of the question or dispute.

18.5 Executing Transmission Owner Records and Information Sharing.

18.5.1 Records. The Executing Transmission Owner shall maintain and make available for RTO West's inspection at the Executing Transmission Owner's facilities, during

normal business hours and upon request, current data, records and drawings describing the physical and electrical properties of the Transmission Facilities *{and Certain Distribution Facilities}* and relating to all inspections, maintenance, replacement and repairs performed on the Transmission Facilities *{and Certain Distribution Facilities}*.

18.5.2 Required Reports. The Executing Transmission Owner shall provide to RTO West, and, subject to Section 23, RTO West shall provide to the Executing Transmission Owner timely information, notices or reports regarding matters of mutual concern, including:

- (1) RTO West Transmission System emergencies and other incidents affecting the RTO West Transmission System *{including Certain Distribution Facilities}*;
- (2) RTO West Transmission System planning studies, including studies prepared in connection with RTO West Transmission System interconnections or any Transmission Facilities *{or Certain Distribution Facilities}* enhancement or expansion; and
- (3) Maintenance outage requests and yearly forecasts of planned maintenance outages.

18.5.3 Other Reports. RTO West may, upon reasonable notice to the Executing Transmission Owner, request that the Executing Transmission Owner provide RTO West with such other information or reports as RTO West may reasonably deem necessary for the operation of the RTO West Transmission System *{(including Certain Distribution Facilities)}*. The Executing Transmission Owner shall, except to the extent prohibited by law, make all such information or reports available to RTO West within a reasonable period of time and in a form specified by RTO West.

19. Insurance, Indemnification and Limitation of Liability.

19.1 RTO West Insurance.

19.1.1 Policy Requirements. Throughout the term of this Agreement, RTO West shall maintain insurance coverage consistent with prudent industry practice and that, at a minimum:

(1) provides for general liability coverage with pollution liability and employer liability endorsements and limits of not less than _____ hundred million dollars (\$XXX,000,000) and separate errors and omissions coverage limits of not less than _____ hundred million dollars (\$XXX,000,000);

(2) provides for per-occurrence self-insured retention of not more than two million dollars (\$2,000,000);

(3) provides an agreement or endorsement under which the insurance cannot be terminated, canceled, allowed to expire, non-renewed or materially altered without ninety (90) days' prior written notice to RTO West and the Executing Transmission Owner and provides that such policy is primary over any other insurance;

(4) provides that RTO West's insurer shall be bound by any waivers of the insurer's rights of subrogation granted by RTO West; and

(5) includes the Executing Transmission Owner as an additional named insured under such insurance.

19.1.2 Review of Insurance Requirements. Insurance requirements shall be reviewed by the RTO West Board of Trustees on an annual basis for consistency with prudent industry practice but shall be no less than the specific coverage and limits set forth in

Section 19.1.1. Alternative risk financing arrangements sufficient to cover these responsibilities shall require written approval of a two-thirds (2/3) majority of Participating Transmission Owners.

19.1.3 Approval Required for Lapse or Modification of Insurance. RTO West may not consent to or allow the insurance required under Section 19.1.1 to be terminated, canceled, allowed to expire or materially altered without written approval of a two-thirds (2/3) majority of Participating Transmission Owners.

19.2 Waivers of Subrogation Rights. RTO West and the Executing Transmission Owner shall each make good-faith efforts to obtain waiver of subrogation with respect to workers' compensation; provided, however, that any such waiver of subrogation shall be effective only if mutual between RTO West and the Executing Transmission Owner. In addition, the Executing Transmission Owner shall make good-faith efforts to obtain waiver of subrogation with respect to any insurance required by Section 19.5.

19.3 [Section Reserved]. *[Retail outage language awaits the outcome of FERC's standard market design NOPR].*

19.4 Relationship of Liability Provisions to Tariffs. RTO West and the Executing Transmission Owner each agree not to propose any tariff or rate schedule with any State or federal regulatory agency that seeks to impose, by contract, as a condition of service, any liability that is released or limited by this Agreement, unless the other Party consents in writing to the proposed tariff or rate schedule. Failure of a Party to intervene or protest shall not constitute consent.

19.5 Responsibility for Insurance. Each Party shall be solely responsible for and shall bear all of the costs of claims by its own employees, contractors or agents arising under and covered by any workers' compensation law. Each Party shall furnish, upon request and at its sole

expense, such insurance coverage and such evidence thereof, or evidence of self-insurance, as is reasonably necessary to meet its obligations under Section 19 of this Agreement.

19.6 Contribution Related to Liability. THE EXECUTING TRANSMISSION OWNER SHALL HAVE NO LIABILITY ARISING OUT OF OR OBLIGATION TO MAKE PAYMENT OR CONTRIBUTION FOR ANY LOSS OF OR DAMAGE TO PROPERTY OR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR DIRECT DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS AND LOSS OF USE OF PROPERTY) ARISING OUT OF OR RESULTING FROM ANY DISRUPTION, INTERRUPTION, SUSPENSION, CURTAILMENT OR FLUCTUATION OF SERVICE TO BE PROVIDED BY RTO WEST OR ARISING OUT OF OR RESULTING FROM RTO WEST'S OPERATION, MAINTENANCE OR USE OF ANY RTO WEST CONTROLLED TRANSMISSION FACILITIES *{OR CERTAIN DISTRIBUTION FACILITIES}*).

With respect to any amount that, pursuant to Section 19 of this Agreement, is to be paid by or contributed to pro rata by Bonneville or any other federal power marketing authority and any Participating Transmission Owners, the Executing Transmission Owner shall have no obligation to make any such payment or contribution, if and to the extent that Bonneville or any other federal power marketing authority does not make its pro rata payment or contribution of such amount.

This Section 19.6 has been specifically negotiated by the Parties.

19.7 Waiver and Release of Consequential Damages and Certain Tort Claims.

19.7.1 Mutual Waiver and Release of Consequential Damages. RTO WEST WAIVES AND RELEASES ALL CLAIMS FOR CONSEQUENTIAL DAMAGES AGAINST THE EXECUTING TRANSMISSION OWNER, AND THE EXECUTING TRANSMISSION

OWNER WAIVES AND RELEASES ALL CLAIMS FOR CONSEQUENTIAL DAMAGES AGAINST RTO WEST. This Section 19.7.1 has been specifically negotiated by the Parties.

19.7.2 Executing Transmission Owner's Waiver and Release of Certain Tort Claims. EXCEPT AS OTHERWISE PROVIDED IN SECTION 19.8 AND IN CASES OF RTO WEST'S WILLFUL ACTION, THE EXECUTING TRANSMISSION OWNER WAIVES AND RELEASES ALL TORT CLAIMS AGAINST RTO WEST FOR PROPERTY DAMAGE TO ITS ELECTRIC SYSTEM RESULTING FROM AN ELECTRIC DISTURBANCE. This Section 19.7.2 has been specifically negotiated by the Parties.

19.8 Conditions That Remove Limitations Under Sections 6.6, 13.1 and 19.7.2.

Neither (1) the provisions of Sections 6.6 and 13.1 that limit the Executing Transmission Owner's rights of enforcement nor (2) the provisions of Section 19.7.2 shall apply with respect to a claim by the Executing Transmission Owner for Property Damage to its Electric System if the Property Damage is caused by:

(i) an Electric Disturbance that results from action taken or not taken by RTO West that:

(a) has previously been determined, through an arbitration award obtained through Dispute Resolution, to be a default under Section 13.1 of this Agreement; and

(b) occurs or continues beyond the time specified in such arbitration award for curing such default or, if no time to cure is specified, occurs or continues after RTO West has had a reasonable time following the award to cure such default.

(ii) operation of the RTO West Controlled Transmission Facilities *{and Certain Distribution Facilities}* in accordance with thermal limits or operating parameters that the Executing Transmission Owner can establish it would not otherwise have followed, if the Executing Transmission Owner has notified RTO West in advance and in writing, referencing this Section, of its disagreement with RTO West's thermal limits or operating parameters (including the reasons for its disagreement).

20. Dispute Resolution.

20.1 Applicability.

20.1.1 General Applicability. The provisions of this Section 20 shall apply to all disputes that arise under this Agreement, whether or not a specific provision for Dispute Resolution is made in a section of this Agreement pursuant to which the dispute arises, except (1) when the right to Dispute Resolution under this section {or the process to be employed for Dispute Resolution } is expressly limited by this Agreement, (2) as limited by law (including the rights of any party to file a complaint with FERC under the relevant provisions of the Federal Power Act) and (3):

(i) disputes between the parties to a Non-Converted Transmission Agreement that arise under the Non-Converted Transmission Agreement, except as the disputing parties may otherwise agree;

(ii) disputes as to whether the terms of this Agreement are just and reasonable under the Federal Power Act, which shall be presented directly to FERC for resolution, except as the disputing parties may otherwise agree;

(iii) applications, petitions or complaints seeking changes to the terms of this Agreement or changes to any service agreement entered into under this Agreement, which shall be presented directly to FERC for resolution; and

(iv) disputes that the parties agree to resolve through means other than under Dispute Resolution, including presenting the matter directly to FERC for resolution.

20.1.2 Injunctive Relief. When a court so determines, use of the procedures under Dispute Resolution shall not be a condition precedent to a court action for injunctive relief.

20.2 Initiation of Arbitration.

20.2.1 Demand for Arbitration. An Executing Transmission Owner or RTO West may initiate arbitration by serving its demand for arbitration on the other disputing parties and the RTO West Arbitration Committee, which shall publish notice of the demand on the RTO West Web Site and by any other method the RTO West Arbitration Committee specifies.

20.2.2 Statement of Claim. Absent an agreement, RTO West or Executing Transmission Owner(s) shall, within fifteen (15) days after serving an arbitration demand under Section 20.2.1, serve a written statement of claim to each other disputing party and the RTO West Arbitration Committee, which shall initiate the arbitration process pursuant to Dispute Resolution. The parties may agree to delay the commencement of arbitration to attempt to resolve their dispute through good-faith negotiations or mediation or for any other reason. The statement of claim shall set forth in reasonable detail (1) each claim, (2) the relief sought, (3) a summary of the grounds for such relief and the basis for each claim and (4) the parties to the dispute. Each other party to the dispute shall deliver its response (including identification of any additional necessary parties) within fifteen (15) days following receipt of the initial statement of claim or such longer period as

the parties agree or the RTO West Arbitration Committee may permit following an application by the responding party. If any responding party wishes to submit a counterclaim with its response to the initial statement of claim, the responding party shall include the counterclaim in its response. When a responding party includes a counterclaim, the initiating party may respond to that counterclaim within fifteen (15) days following receipt of the counterclaim. Any party named in a statement of claim that does not respond to the claim within the period specified in this Section 20.2.2 shall be deemed to have denied each claim against it. RTO West shall publish the statements of claim, responses and any counterclaims on the RTO West Web Site and by any other method the RTO West Arbitration Committee specifies.

20.3 Arbitration Process.

20.3.1 Selection of Arbitrator.

20.3.1.1 Selection of a Single Arbitrator. Within ten (10) days following submission of responding parties' responses and counterclaims, the parties shall select an arbitrator familiar with and knowledgeable about electric utility matters, including electric transmission and bulk power issues and related regulatory requirements. If the parties cannot agree upon an arbitrator and do not agree on a means of selecting an arbitrator that differs from that set forth in this Section 20.3.1, the parties shall take turns striking names from a list of ten (10) qualified individuals supplied by the RTO West Arbitration Committee from its standing list, with a party chosen by lot first striking a name. The last remaining name not stricken shall be designated as the arbitrator. If that individual is unable or unwilling to serve (or if a party objects to the arbitrator serving on the basis of a disclosure under Section 20.3.2.1 within five (5) days of that disclosure), the individual last stricken from the list shall be designated and the process

repeated until an individual is selected who is able and willing to serve. If a party issuing or named in a statement of claim served under Section 20.2.2 does not participate in the selection of an arbitrator within the time period specified under this Section 20.3.1.1, the remaining parties have the right to select the arbitrator without that party.

20.3.1.2 Party Option To Obtain Three-Arbitrator Panel. As an alternative to selecting one arbitrator under Section 20.3.1.1, any party may elect to constitute a three- (3-) member arbitration panel, and the other party or parties shall cooperate in the selection of the panel, subject to the following conditions:

(1) Any party or parties so electing shall be responsible for five-sixths (5/6) of the costs of the arbitration (exclusive of each party's individual costs and attorneys' fees), regardless of the outcome of the arbitration, unless the disputing parties agree to an alternate method of allocating costs. The remaining one-sixth (1/6) of the costs shall be allocated to the party (or allocated in equal parts among the parties) that did not participate in the election to use a three- (3-) arbitrator panel.

(2) Each arbitrator shall be subject to the requirements of Section 20.3.2.

(3) Unless otherwise agreed by the parties, the three arbitrators shall be selected in the following manner: (i) the RTO West Arbitration Committee shall provide to the parties a list of fifteen (15) qualified individuals from its standing list, (ii) the parties shall take turns striking names from the list, with a party chosen by lot first striking a name and (iii) the three (3) remaining names not stricken shall constitute the arbitration panel.

(4) The arbitration panel shall decide all matters by majority vote.

(5) All other procedures, rights and obligations specified for Dispute Resolution shall apply to the arbitration, and all references to the “arbitrator” shall be deemed a reference to the three- (3-) member arbitration panel so chosen.

20.3.1.3 Communication with Candidates To Serve as Arbitrator. No party and no one acting on behalf of any party shall communicate on any matter relating to the dispute, including selection of an arbitrator, with any potential arbitrator identified on the list provided by the RTO West Arbitration Committee, except that RTO West staff, under the direction of the RTO West Arbitration Committee, may communicate with potential arbitrators concerning arrangements for an arbitration.

20.3.1.4 Arbitrator’s Jurisdiction. The arbitrator shall have the power to determine whether a dispute is subject to arbitration pursuant to Dispute Resolution.

20.3.2 Disclosures Required of Arbitrators.

20.3.2.1 Initial Disclosure Obligation. The selected arbitrator shall be required to disclose to the parties any direct financial or personal interest in the outcome of the arbitration. The arbitrator shall be required to disclose to the parties any additional interests, relationships, facts or circumstances, including:

- (1) any existing or past financial, business or professional interest or employment;
- (2) any relationship the arbitrator has with any party or its counsel, or with any individual whom the arbitrator has been told will be a witness; and
- (3) any family or personal relationship,

if they are likely to affect the arbitrator's impartiality or might reasonably create an appearance of bias. All arbitrators shall make a reasonable effort to inform themselves of any interests or relationships described above.

20.3.2.2 Ongoing Disclosure Obligations. The obligation to make disclosure in accordance with Section 20.3.2.1 is a continuing duty. If, after initiation of an arbitration under Dispute Resolution, the arbitrator must make a disclosure in accordance with Section 20.3.2.1, the arbitrator shall, at the time of disclosure, determine whether the information disclosed is grounds to disqualify the arbitrator from continuing with the arbitration. If the arbitrator determines that he or she is disqualified from continuing with the arbitration, the Parties shall select a new arbitrator in accordance with Section 20.3.1.

20.3.3 Arbitration Procedures.

20.3.3.1 Procedural Rules. The RTO West Arbitration Committee shall adopt Arbitration Procedural Rules consistent with the specified terms of Dispute Resolution. The RTO West Arbitration Committee may modify the Arbitration Procedural Rules from time to time. In any case when there is a conflict between the Arbitration Procedural Rules and the specified terms of Dispute Resolution, the Dispute Resolution provisions shall govern. The arbitrator shall conduct the arbitration in accordance with the specified terms of Dispute Resolution and the Arbitration Procedural Rules, except as provided in Section 20.3.4.

20.3.3.2 Communication with Arbitrator. Except by agreement of or in the presence of all parties, no party or participant and no one acting on behalf of any party shall communicate with the arbitrator concerning the arbitration outside of scheduled proceedings. Unless the parties agree otherwise or the arbitrator so directs, any written or electronic

communication from any party to the arbitrator shall also be sent to all other parties and to the RTO West Arbitration Committee.

20.3.4 Modification of Arbitration Procedures. The parties may, by agreement of all the parties, modify the application of the Arbitration Procedural Rules for purposes of their specific dispute. Except where these Dispute Resolution terms specifically provide otherwise, the parties may not agree to modify any of the Dispute Resolution provisions.

20.3.5 Rights Relating to Intervention.

20.3.5.1 Time for Intervention. RTO West or any Participating Transmission Owner not named as a party in a statement of claim initiating an arbitration as provided in Section 20.2.2 or in a counterclaim submitted in response thereto may apply to intervene in the arbitration as a party within thirty (30) days from publication of the statement of claim. Late intervention may be permitted, in the arbitrator's discretion, for good cause shown. Any intervening party must (1) accept the record as established before the intervention, including any procedural or substantive rulings or orders; (2) proceed in accordance with any established schedule; and (3) pay a share of the costs of arbitration as determined by the arbitrator, taking into account (among other things) the differing procedural rights of parties and the stage of the arbitration when intervention is sought. In addition, any late-intervening party must not cause a conflict of interest for the arbitrator objectionable to any existing party.

20.3.5.2 Application and Order. An application to intervene shall be served on the parties and the RTO West Arbitration Committee. Any such application shall demonstrate the applicant's satisfaction of the criteria stated in Section 20.3.5.4. Any objection by a party to the intervention request must be filed with the arbitrator, if an arbitrator has been

selected, and served upon the applicant, the parties and the RTO West Arbitration Committee, within ten (10) days of service of the application. Promptly upon selection of the arbitrator pursuant to Section 20.3.1, the arbitrator will issue an order determining whether, based upon the criteria established by Section 20.3.5.4, any applicant that has timely filed an application pursuant to Section 20.3.5.1 may intervene in the arbitration.

20.3.5.3 Intervenor Status and Rights of an Intervening Party. The arbitrator, in an order responding to an application to intervene, shall, upon the requisite showing as established by Section 20.3.5.4, grant party status to RTO West or a Participating Transmission Owner with full rights and responsibilities in relation to all other parties; provided that the arbitrator may condition party status as necessary to ensure that the rights of other parties are not unduly prejudiced or that the arbitration is not unduly delayed.

20.3.5.4 Requisite Showing. Subject to the provisions of Sections 20.3.5.1 and 20.3.5.3, a Participating Transmission Owner shall be permitted to intervene as a party upon a showing that:

- (1) the applicant has an interest relating to the property or the transaction that is the subject of the arbitration;
- (2) the applicant is so situated that the disposition of the matter subject to arbitration may, as a practical matter, impair or impede the applicant's ability to protect that interest; and
- (3) no existing party adequately represents the applicant's interest.

20.3.6 Timetable. Promptly after the appointment of the arbitrator, the arbitrator shall set a date for the issuance of the arbitration decision, which shall be no later than six (6)

months (or such later date as the parties and the arbitrator may agree) from the date of the appointment of the arbitrator, with other dates, including the dates for an evidentiary hearing or other final submissions of evidence, set in light of this date. The parties may, by agreement, modify any dates set by the arbitrator (other than the maximum time allowed for issuance of the arbitration decision). Absent extraordinary circumstances, the arbitrator shall not change the date for the evidentiary hearing or other final submissions of evidence. The arbitrator shall have the power to impose sanctions, including imposition of costs and dismissal of the proceeding, for dilatory tactics or undue delay in completing the arbitration proceedings.

20.3.7 Discovery Procedures. The Arbitration Procedural Rules shall include adequate provision for the discovery of relevant facts, including the taking of testimony under oath, production of documents and other things, presentation of evidence, taking of samples, conducting of tests and inspection of land and tangible items. The nature and extent of such discovery shall take into account (1) the complexity of the dispute, (2) the extent to which facts are disputed, (3) the extent to which the credibility of witnesses is relevant to a resolution, (4) the need to provide fair access to information by all parties when information has been obtained under statutory right by one or more parties from another party or parties outside the discovery process and (5) the amount in controversy. The forms and methods for taking such discovery shall be as described in the Federal Rules of Civil Procedure, except as modified by agreement of the parties.

20.3.8 Confidentiality. The Arbitration Procedural Rules shall provide a means for protecting confidential information disclosed in the course of an arbitration pursuant to Dispute Resolution. Any information determined to be confidential in the course of an arbitration shall not be included in any published or publicly available summary or copy of the arbitration award.

20.3.9 Summary Disposition. The Arbitration Procedural Rules shall provide a means for summary disposition of an arbitration proceeding under Dispute Resolution. The arbitrator may grant summary disposition of the proceeding, in whole or in part, if there is no genuine issue of fact material to the decision. Any uncontroverted fact established through summary disposition shall be deemed established for the remainder of the proceeding. Any grant of summary disposition under this Section 20.3.9 is subject to appeal pursuant to Section 20.5 after the final award in the proceeding has been issued.

20.3.10 Evidentiary Hearing. The Arbitration Procedural Rules shall provide for an evidentiary hearing with respect to matters not resolved through summary disposition under Section 20.3.9, unless all parties consent to the resolution of the matter on the basis of a written record. Hearing rules shall include provision for the cross-examination of witnesses.

20.3.11 Evidence. The Arbitration Procedural Rules shall include provisions addressing submission and admissibility of evidence. The arbitrator shall compile and certify a complete evidentiary record of the arbitration, which, upon completion, shall be available to any party at that party's request.

20.4 Awards, Remedies and Enforcement.

20.4.1 Award.

20.4.1.1 Award Based on Arbitrator's Decision. Except as provided below with respect to "baseball"-style arbitration, the arbitrator shall issue written reasons for the award, including findings of fact and conclusions of law. The arbitration award shall be based on (1) the evidence in the record; (2) the terms of this Agreement; (3) applicable U.S. federal law, regulations, treaties and agreements, and any relevant FERC decisions or then-applicable FERC

standards or policies; (4) other applicable law; and (5) consideration of relevant awards in previous arbitration proceedings. The arbitrator may, but need not, treat previous awards under this Section 20.4.1.1 as determinative. The arbitrator's award shall be published and maintained, in searchable form, on the RTO West Web Site and by any other method the RTO West Arbitration Committee specifies. The RTO West Office of General Counsel shall maintain a copy of the complete award and written explanation thereof.

20.4.1.2 Award Based on Baseball-Style Arbitration. In arbitration conducted baseball-style, the arbitrator shall issue written reasons for adopting one of the awards proposed by the parties. The arbitrator's choice among the proposed awards shall be based on (1) the evidence in the record; (2) the terms of this Agreement; (3) applicable U.S. federal law, regulations, treaties and agreements, and any relevant FERC decisions or then-applicable FERC standards and policies; (4) other applicable law; and (5) consideration of relevant awards in previous arbitration proceedings. If the arbitrator concludes that none of the proposed awards are consistent with the factors enumerated in (1) through (5) above, or none of the proposed awards address all of the issues in dispute, the arbitrator shall specify how each proposed award is deficient and direct that the parties submit new proposed awards that cure the identified deficiencies. A summary of the disputed matter and the arbitrator's award shall be published on the RTO West Web Site and by any other method the RTO West Arbitration Committee specifies. An award under this Section 20.4.1.2 shall not be considered and may not be cited in any other proceeding.

20.4.2 Remedies.

20.4.2.1 Arbitrator's Discretion. The arbitrator shall have discretion to grant the relief sought by a party, or determine such other remedy as is appropriate, unless the parties agree to conduct the arbitration baseball-style. Except as limited by law, the arbitrator shall have the authority to award any remedy or relief available from FERC or any court of competent jurisdiction.

20.4.2.2 Baseball-Style Arbitration. If the parties agree to conduct the arbitration baseball-style, the parties shall submit to the arbitrator and exchange with each other their last best offers in the form of the award that each party considers the arbitrator should make, not less than seven (7) days in advance of the date fixed for the hearing, or such other date as the arbitrator may decide. If a party fails to submit its last best offer in accordance with this Section 20.4.2.2, that party shall be deemed to have accepted the offer proposed by the other party. Except as provided in Section 20.4.1.2, the arbitrator shall be limited to awarding only one of the proposed offers and may not determine an alternative or compromise remedy.

20.4.3 Costs. Except as otherwise provided in Sections 20.3.1.2, 20.3.5.1 and 20.3.6, the costs of the time, expenses and other charges of the arbitrator shall be borne by the parties to the dispute, with each party on an arbitrated issue bearing its pro-rata share of such costs and each party to an arbitration proceeding bearing its own costs and fees. If the arbitrator determines that a demand for arbitration or response to a demand for arbitration was made in bad faith, the arbitrator shall have discretion to award the costs of the time, expenses and other charges of the arbitrator to the prevailing party.

20.4.4 Compliance. Unless the arbitrator's decision is appealed under Section 20.5, the disputing parties shall, upon receipt of the decision, immediately take whatever action is required to comply with the award to the extent the award does not require regulatory action. An award that is not appealed shall be deemed to have the same force and effect as an order entered by FERC or any court of competent jurisdiction.

20.4.5 Enforcement. Following the expiration of the time for appeal of an award pursuant to Section 20.5.3, any party may apply to FERC or any court of competent jurisdiction for entry and enforcement of judgment based on the award. Parties to arbitration under the Dispute Resolution provisions shall be deemed to have consented that judgment upon the arbitration award may be entered in any federal or state court having jurisdiction.

20.5 Appeal of Award.

20.5.1 Basis for Appeal. A party may apply to FERC to hear an appeal of an arbitration award upon the grounds that (1) the arbitrator's decision is contrary to applicable law or regulation (including the Federal Power Act or FERC's then-applicable standards or policies), (2) the arbitrator's decision is not supported by the findings or is otherwise arbitrary and capricious, (3) the arbitrator failed to afford one or more parties to the dispute an opportunity for a fair and meaningful hearing, (4) the arbitrator engaged in material misconduct in connection with the arbitration, (5) the arbitrator exceeded the authority conferred upon him or her under the specified terms of Dispute Resolution or as otherwise established by agreement of all the parties or (6) the arbitrator's decision is contrary to the provisions of Section 20.4.1. When there is concurrent jurisdiction between a court of competent jurisdiction and FERC, the party shall appeal to FERC. When there is concurrent jurisdiction between FERC and a State regulatory authority

due to the type of facility involved in the dispute, appeals may be taken either to FERC or to the State regulatory authority, depending on the nature of the dispute. When FERC does not have jurisdiction, a party may appeal to a court of competent jurisdiction or a State regulatory authority on any grounds provided by law and the Parties agree that the standards for review set forth above for an appeal to FERC shall be applied by such court or State regulatory authority.

20.5.2 Appellate Record. The arbitration process set forth for Dispute Resolution contemplates that FERC or the court of competent jurisdiction should afford substantial deference to the factual findings of the arbitrator. No party shall seek to expand the record before FERC or the court of competent jurisdiction beyond that assembled by the arbitrator, except (1) by making reference to legal authority that did not exist at the time of the arbitrator's decision or (2) if such party contends the decision was based upon or affected by fraud, collusion, corruption, misconduct or misrepresentation.

20.5.3 Procedures for Appeals. Appeals shall, unless otherwise ordered by FERC or the court of competent jurisdiction, conform to the procedural limitations set forth in this Section 20.5.3.

20.5.3.1 Notice. If a party to an arbitration desires to appeal an award, it shall provide notice of appeal to the RTO West Board of Trustees, all parties and the arbitrator within fourteen (14) days following the date of the award. The appealing party must likewise provide notice to the RTO West Arbitration Committee, which shall publish notice of the appeal on the RTO West Web Site and by other method the RTO West Arbitration Committee specifies. Within ten (10) days of filing the notice of appeal, the appealing party must file an appropriate application, petition or motion with FERC to trigger review under the Federal Power Act or with a

court of competent jurisdiction. Such filing shall state that the subject matter has been the subject of an arbitration under Dispute Resolution.

20.5.3.2 Evidentiary Record. Within thirty (30) days of filing the notice of appeal (or such period as FERC or the court of competent jurisdiction may specify), the appellant shall file the complete evidentiary record of the arbitration and a copy of the award with FERC or with the court of competent jurisdiction. The appellant shall serve copies of a description of all materials included in the certified evidentiary record.

20.5.4 Award Implementation. Implementation of the award shall be deemed stayed pending an appeal unless and until, at the request of a party, FERC or the court of competent jurisdiction to which an appeal has been filed issues an order dissolving, shortening or extending such stay.

20.5.5 Judicial Review of FERC Orders. FERC orders resulting from appeals shall be subject to judicial review pursuant to the Federal Power Act or other applicable law.

20.6 Exclusion of Liability. Neither the RTO West Arbitration Committee nor any arbitrator shall be liable to any party for any act or omission in connection with any arbitration conducted under Dispute Resolution.

20.7 Expedited Dispute Resolution. If provided for elsewhere in this Agreement, the parties shall engage in expedited Dispute Resolution as provided in Sections 20.7.1 and 20.7.2 below. Except as otherwise set forth below, all of the provisions of Section 20 shall apply to expedited Dispute Resolution.

20.7.1 Procedures for Expedited Dispute Resolution. The following procedures shall apply to expedited Dispute Resolution: (1) the time limits relating to delivery of responses

and counterclaims, contained in Section 20.2.2, shall not apply; (2) the Executing Transmission Owner and the requesting party shall each, within ten (10) calendar days of the selection of the arbitrator, but not less than seven (7) days in advance of the date fixed for the hearing, submit to the arbitrator its proposed contract language concerning the issues in dispute; (3) the time limits relating to applications for intervention, contained in Section 20.3.5.1, shall not apply, and applications for intervention must instead be received within fifteen (15) days from publication of the statement of claim; and (4) the six- (6-) month time limit contained in Section 20.3.6 shall not apply, and the arbitrator shall specify the applicable agreement terms within thirty (30) days of receiving both parties' submissions of proposed contract language.

20.7.2 Remedies for Disputed Interconnection Agreements. When the subject of the expedited Dispute Resolution is an interconnection agreement, the following limits on the arbitrator's remedial powers apply: The arbitrator shall be instructed to accept the Executing Transmission Owner's proposed terms for interconnection if such terms (1) are reasonable, (2) are not contrary to applicable regulatory requirements, (3) do not conflict with the terms of any Generation Integration Agreement or Load Integration Agreement the requesting party will be expected to execute, (4) do not conflict with interconnection standards adopted by RTO West and (5) are not unreasonably discriminatory or preferential with respect to the Executing Transmission Owner's other comparable interconnection agreements. The arbitrator shall be further instructed that there is no requirement for the interconnection agreement terms of the various Participating Transmission Owners to be uniform among the various Participating Transmission Owners, so long as the proposed interconnection agreement terms meet the above standards.

20.7.3 Arbitrator's Authority To Decide Agreement Terms. When the arbitrator cannot, consistent with the provisions of Section 20.7.2 above, accept the Executing Transmission Owner's proposed terms for interconnection, or if the Executing Transmission Owner has failed to offer proposed terms for interconnection pursuant to Section 5.3.1, the arbitrator shall have authority to decide the terms of an interconnection agreement that, in the arbitrator's opinion, it is reasonable that the parties should reach, giving due regard to: (1) the terms of any applicable tariff, (2) applicable laws and regulations and (3) what the arbitrator finds is fair and reasonable in all the circumstances.

20.8 Resolution of Disputes Regarding Access to Facilities That Are Not RTO West Controlled Transmission Facilities and Disputes Arising Under Section 9.3.2. RTO West agrees that the dispute resolution process set forth in Exhibit P to this Agreement shall apply to (1) disputes pursuant to the RTO West Tariff concerning wholesale access to, or the adequacy of wholesale service over, facilities that are not RTO West Controlled Transmission Facilities; and (2) disputes concerning whether the Catalogued Transmission Rights developed under Section 9.3.2 accurately identify rights, consistent with RTO West's rules for cataloguing, that will enable RTO West to provide Transmission Service that fulfills the Executing Transmission Owner's outstanding transmission obligations under any converted Pre-Existing Transmission Agreements And Obligations. The Executing Transmission Owner agrees to be a responding party in any arbitration pursuant to this section and Exhibit P to this Agreement.

21. Uncontrollable Force. A Party shall not be in breach of this Agreement as a result of such Party's failure to perform its obligations under this Agreement when such failure is caused by an

Uncontrollable Force that such Party, despite the exercise of due diligence, is unable to remove with reasonable dispatch; provided, however, that such Party shall have the right to suspend performance of such obligations only to the extent and for the duration that the Uncontrollable Force actually and reasonably prevents the performance of such obligations by such Party. In the event of the occurrence of an Uncontrollable Force that prevents a Party from performing any of its obligations under this Agreement, such Party shall (1) immediately notify the other Party of such Uncontrollable Force, with such notice to be confirmed in writing as soon as reasonably practicable; (2) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform and resume full performance of its obligations hereunder; (3) keep the other Party apprised of such efforts on an ongoing basis; and (4) 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 Agreement 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/or mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts or labor disputes.

22. Assignments and Conveyances.

22.1 Successors and Assigns. This Agreement is binding on and shall inure to the benefit of the Parties and their respective successors, permitted assigns and legal representatives.

22.2 Assignment of RTO West's Rights and Obligations. Except as otherwise provided in Section 22.5, RTO West shall not, without the prior written consent of the Executing

Transmission Owner, assign, pledge or transfer all or any part of, or any right or obligation under, this Agreement, whether voluntarily or by operation of law.

22.3 Assignment of the Executing Transmission Owner's Rights and Obligations.

Except as otherwise provided in Section 22.5, the Executing Transmission Owner shall not, without the prior written consent of RTO West, assign, pledge or transfer all or any part of, or any right or obligation under, this Agreement, whether voluntarily or by operation of law; provided, however, that the Executing Transmission Owner may, without the consent of RTO West but subject to Section 22.4, assign its rights and obligations under this Agreement to any person or entity (1) into which the Executing Transmission Owner is merged or consolidated or (2) to which the Executing Transmission Owner sells, transfers or assigns all or substantially all of the Transmission Facilities *{and Certain Distribution Facilities}*, so long as the survivor in any such merger or consolidation, or the purchaser, transferee or assignee of such Transmission Facilities *{and Certain Distribution Facilities}*, provides to RTO West a valid and binding written agreement expressly assuming and agreeing to be bound by all obligations of the Executing Transmission Owner under this Agreement.

22.4 Transfer of Transmission Facilities. Unless otherwise approved by RTO West in writing or otherwise required by agreements in effect as of the Effective Date, the Executing Transmission Owner shall not sell, transfer or assign all or any portion of the Transmission Facilities *{or Certain Distribution Facilities}* used for or useful to the provision of Transmission Services hereunder unless (1) the purchaser, transferee or assignee provides to RTO West a valid and binding written agreement expressly assuming and agreeing to be bound by all obligations of the Executing Transmission Owner under this Agreement with respect to the sold, transferred or

assigned Transmission Facilities {or *Certain Distribution Facilities*} or (2) RTO West and the transferee have entered into an agreement comparable to this Agreement with respect to the sold, transferred or assigned Transmission Facilities {or *Certain Distribution Facilities*}. In the event of any permitted sale, transfer or assignment permitted under this Agreement and as a condition thereof, the party to whom the asset is sold, transferred or assigned shall sign an Insurance, Indemnity and Limitation of Liability Agreement as described in Section 19.

22.5 Assignment for Security Purposes. Notwithstanding any other provision of this Agreement, (1) the Executing Transmission Owner may, without RTO West's consent, pledge or assign all or any portion of the Transmission Facilities {or *Certain Distribution Facilities*} for financing purposes and (2) either Party may, without the consent of the other, pledge or assign all or any portion of its proceeds or receivables under this Agreement for financing purposes.

22.6 Effect of Permitted Assignment. In the event of any permitted sale, transfer or assignment hereunder, the transferor or assignor shall, to the extent of the transferred or assigned obligations, and only to such extent, be relieved of obligations accruing from and after the effective date of such transfer or assignment; provided, however, that (1) under no circumstances shall any sale, transfer or assignment relieve the transferor or assignor of any liability for any breach of this Agreement occurring before the effective date of such transfer or assignment; (2) the provisions of Sections 6.1 and 6.2 (and the related Dispute Resolution provisions of Section 20) shall continue to apply with respect to any portion of the Electric System retained by the assignor; (3) the provisions of Section 9 will continue to apply with respect to any Non-Converted Transmission Agreements retained by the assignor; (4) the obligations of Section 10 with respect to the provision of Ancillary Services shall continue to apply with respect to any electric

generation facilities retained by the assignor; and (5) any other provisions of this Agreement that would otherwise apply with respect to the Electric System or to the electric generation facilities under this Agreement will continue to apply to the assignor for so long as it retains such facilities.

22.7 Consent Not Unreasonably Denied or Delayed. Consents to assignment, pledge or transfer requested pursuant to this Section 22 shall not be unreasonably denied or delayed.

23. RTO West's Confidentiality Obligations.

23.1 Protection of Confidential Information. RTO West shall maintain the confidentiality of all Confidential Information of the Executing Transmission Owner provided to RTO West pursuant to this Agreement; provided, however, that, notwithstanding the foregoing, RTO West may disclose such Confidential Information (1) if such disclosure is permitted in writing by the Executing Transmission Owner that furnished the Confidential Information or (2) if RTO West is required to make such disclosure by order of a court or regulatory agency of competent jurisdiction or by applicable laws or regulations.

23.2 Disclosure Required by Law or Pursuant to Administrative or Judicial Order. If RTO West is required by applicable law, or compelled by order of a court or regulatory agency of competent jurisdiction, to disclose Confidential Information of an Executing Transmission Owner, as soon as RTO West learns of the disclosure requirement, and before making such disclosure, RTO West shall notify the Executing Transmission Owner of the requirement and the terms thereof. The Executing Transmission Owner may, in its sole discretion and at its sole cost and expense, undertake any challenge to or defense against such disclosure requirement. RTO West shall cooperate with the Executing Transmission Owner to the maximum extent practicable,

at the Executing Transmission Owner's sole cost and expense, to minimize or eliminate the disclosure of Confidential Information consistent with applicable law and to obtain proprietary or confidential treatment of Confidential Information by any person to whom such information is disclosed pursuant to Section 23.1 before any such disclosure. This Section 23.2 does not apply to disclosure of information to FERC or its staff.

23.3 Provision of Confidential Information to External Market Monitoring Unit. If RTO West furnishes Confidential Information to an external Market Monitoring Unit, RTO West shall require the Market Monitoring Unit to abide by the provisions of Section 23 to the extent permitted by law.

24. Accommodation of New Grants of Authority.

With respect to facilities owned or otherwise controlled by the Executing Transmission Owner, the Executing Transmission Owner shall have the right to unilaterally request approval from FERC to perform additional regional transmission organization functions and responsibilities reserved by FERC for performance by entities meeting independence criteria established by FERC. To the extent such requests are approved by FERC, this Agreement shall be amended accordingly, and the RTO West Tariff and other governing documents shall be amended as required to conform to the new grant of authority or responsibility. If appropriate and necessary to codify the new functions and responsibilities, the Executing Transmission Owner shall submit for FERC approval a separate tariff codifying the functions and responsibilities to be performed by the Executing Transmission Owner on the facilities it owns or otherwise controls. Notwithstanding the most-favored-nations provisions of Section 3.3 of this Agreement, any other Executing Transmission

Owner seeking comparable functions and responsibilities for its facilities shall be required to separately seek such approval from FERC before receiving comparable functions and responsibilities.

25. Miscellaneous.

25.1 Notices.

25.1.1 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) upon execution of the return receipt, if sent by registered U.S. or Canadian mail, postage prepaid, return receipt requested; or (3) upon delivery if delivered by prepaid commercial courier service.

The address of RTO West shall be:

Attn: _____

The address of the Executing Transmission Owner shall be:

Attn: _____

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

25.1.3 Routine Notices. Any notice of a routine character in connection with service under this Agreement or in connection with the operation of facilities shall be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this Agreement.

25.2 Amendment. This Agreement may not be modified by either Party except by subsequent mutual written agreement, duly executed by the Parties.

25.3 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.

25.4 Integration. This Agreement, including the exhibits hereto, constitutes the complete agreement of the Parties and supersedes all prior or contemporaneous representations, statements, negotiations, understandings and inducements with respect to the subject matter hereof.

25.5 Existing Agreements Preserved. Nothing in this Agreement shall be interpreted to supersede the requirements of any existing agreement, unless otherwise expressly stated herein.

25.6 Governing Law. This Agreement shall in all respects be interpreted, construed and enforced in accordance with the laws of the state of Washington, except to the extent that such laws may be preempted by the laws of the United States, as applicable; provided, however, that

notwithstanding the foregoing, if the Executing Transmission Owner is a U.S. 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.

25.7 Severability. The rights of each Party shall be as set forth in Section 2.1 if this Agreement (1) is not accepted for filing or approved by FERC, (2) is accepted for filing or approved by FERC with changes unacceptable to either Party or (3) is accepted for filing or approved by FERC but such acceptance or approval is, as a result of judicial review, subsequently reversed or modified in a manner unacceptable to either Party. If this Agreement is not rendered void in accordance with the provisions of Section 2.1, and thereafter any term, covenant or condition of this Agreement 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 not prohibited by law, and all other terms, covenants and conditions of this Agreement, and the application thereof, shall not be affected thereby, but shall remain in force and effect, and 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 separable from all other provisions of this Agreement.

25.8 Equitable Relief. If the Executing Transmission Owner seeks injunctive or other equitable judicial relief for the failure of RTO West to comply with its obligations to the Executing

Transmission Owner under this Agreement, RTO West agrees not to challenge such action on the basis that monetary damages would be a sufficient remedy.

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

25.10 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.

25.11 Relationship of the Parties.

25.11.1 No Partnership, etc. Nothing contained in this Agreement shall be construed to create an association, joint venture, trust, partnership, leasehold or other property interest or to impose a trust or partnership covenant, obligation or liability on or with regard to either of the Parties. Each Party shall be individually responsible for its own covenants, obligations and liabilities under this Agreement.

25.11.2 Rights and Obligations Several; No Agency. Except as expressly provided otherwise in this Agreement, all rights and obligations of the Parties are several, not joint. Except as expressly provided in this Agreement, neither Party shall have a right or power to bind the other Party without such Party’s express written consent, and neither Party is authorized to act as the agent of the other Party.

25.12 No Third-Party Beneficiaries. Except for the rights of intervenors as specified in Section 20, 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. [For Bonneville's Transmission Operating Agreement only: If Bonneville elects to include Section 26, Bonneville's wholesale power customers shall be third-party beneficiaries of Section 26.]

25.13 No Dedication of Facilities. No undertaking by either Party to the other Party under or pursuant to any provision of this Agreement shall constitute or be deemed to constitute a dedication of all or any portion of the RTO West Transmission System *{(including Certain Distribution Facilities)}* to RTO West, to the Executing Transmission Owner or to the public.

25.14 Nonwaiver. 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 and 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.

25.15 Exhibits Incorporated. The several exhibits to this Agreement, as they may be revised from time to time, are attached to this Agreement and are incorporated by reference as if fully set forth herein.

25.16 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.

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

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

25.19 Provisions Relating to Federal Agencies. Nothing in this Agreement shall be construed to prevent the pass-through of third-party claims to a federal power marketing agency by RTO West under circumstances in which the federal power marketing agency directs actions of RTO West {and the federal power marketing agency is determined to be responsible for making the third party whole for the economic impacts of RTO West implementing such directions}. Nothing in this Agreement shall be construed to require the U.S. Department of Justice to defend any parties except a federal agency or to require a federal agency to be defended by any other party.

25.20 Tax Allocation.

25.20.1 State and Local Taxes. RTO West shall allocate all State and local taxes, fees, duties, levies, local improvement rates and assessments that are lawfully imposed, assessed, levied, rated or charged against RTO West in respect of RTO West Transmission System {including *Certain Distribution Facilities*} to loads taking service from facilities located within a lawful taxing authority's boundaries and taking transmission services from points of delivery on the Electric System of the Participating Transmission Owner whose transmission facilities are subject to such tax.

25.20.2 Federal Taxes. RTO West shall allocate all federal taxes, fees, duties, levies and assessments that are lawfully imposed, assessed, levied, rated or charged against RTO West in respect to the RTO West Transmission System *{including Certain Distribution Facilities}* to Interconnected Loads of the Participating Transmission Owners. In the event that a federal taxing authority exempts RTO West from any tax, fee, duty, levy, assessment or portion thereof because the taxing authority determines that one or more of the Participating Transmission Owners are not subject to such tax, fee, duty, levy or assessment, RTO West shall not allocate the cost of such tax, fee, duty, levy or assessment to the Interconnected Loads of such Participating Transmission Owner(s).

25.21 Prohibited Ownership and Activities. RTO West shall not (1) own any transmission or distribution facilities, (2) own any interest in generation facilities or the output thereof (except (i) as necessary to meet its obligations as a provider of last resort for Ancillary Services as provided in Section 10.1, (ii) to carry out real-time and day-ahead congestion management and (iii) as otherwise permitted by FERC in connection with RTO West's congestion management function) or (3) operate, or have any financial interest in, any power exchange.

25.22 Calculation of Periods Measured in Days. Except where this Agreement expressly provides otherwise, any period this Agreement requires to be measured in days shall be calculated on the basis of calendar days.

25.23 Indirect Performance of Operational Functions. When the Executing Transmission Owner is responsible under this Agreement to carry out any operational function, the Executing Transmission Owner may carry out that function either directly or through a Scheduling Coordinator.

25.24 No Expansion of FERC Authority. No reference in this Agreement to FERC orders, approvals or permissions or to any other provision of this Agreement, or any undertaking by or with RTO West, is intended to grant FERC any jurisdiction or authority over entities or matters with respect to which it has (1) no jurisdiction or (2) limited jurisdiction or authority in the absence of this Agreement.

25.25 Writings. For purposes of this Agreement, except where the Parties specifically agree otherwise, electronic message transmissions shall not qualify as satisfying any requirement that a writing exists to constitute or represent the agreement of a Party.

26. Retail Power Deliveries on Transmission Facilities. [OPTIONAL LANGUAGE IF ELECTED BY THE EXECUTING TRANSMISSION OWNER]. RTO West agrees that it will not use the Transmission Facilities *{or Certain Distribution Facilities}* of the Executing Transmission Owner to deliver service to or on behalf of end-use customers if FERC would be prohibited from ordering such service under section 212(h) of the Federal Power Act unless (1) unbundled retail transmission access to such customer is required by an authority of competent jurisdiction under federal, State, local or tribal law; (2) such end-use customer is an “existing direct service industrial customer” of Bonneville as defined in section 5(d)(4)(A) of the Northwest Power Act (16 U.S.C. § 839c(d)(4)(A)) or a successor in interest to such customer so as to qualify for service under section 5(d), unless such service is prohibited by federal law; or (3) unbundled retail transmission access to such customer has been agreed to by the retail utility that formerly served the end-use customer.

27. Cooperation with Implementing State Retail Access Programs. [OPTIONAL LANGUAGE IF ELECTED BY THE EXECUTING TRANSMISSION OWNER] RTO West shall cooperate with the Executing Transmission Owner and State authorities in the implementation of retail access programs in Oregon, Montana and any other States that, in the future, institute retail access programs as applied to the Executing Transmission Owner's Interconnected Loads.

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

RTO WEST

[Executing Transmission Owner]

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT A

SCHEDULE OF DEFINITIONS

“Additional Participating Transmission Owner” means any Participating Transmission Owner that is not an Initial Participating Transmission Owner.

“Agreement to Suspend Provisions of Pre-Existing Transmission Agreements” means the agreement, the form of which is attached as Exhibit K to this Agreement.

“Ancillary Services” means all services as RTO West may offer to support the use of its Transmission Services and shall include all ancillary services a transmission provider is required by FERC to provide, while maintaining reliable operation of the RTO West Transmission System in accordance with Good Utility Practice.

“Arbitration Procedural Rules” shall have the meaning specified in the RTO West Tariff.

“Available System Capacity” means the capacity on the RTO West Controlled Transmission Facilities that is unencumbered by the sum of (1) Catalogued Transmission Rights and (2) and amount of capacity needed to support Financial Transmission Options previously issued by RTO West.

“Backstop Recovery Mechanism” means the process and mechanism specified in Exhibits G and I to this Agreement.

“Black Start Service” means that service needed to restart electric generation facilities following a forced outage of such facilities.

“Canadian Regulatory Authority” means the agency or agencies established under the laws of Canada or the applicable provinces of Canada and having jurisdiction over transmission facilities, interconnections, transmission rates, charges, terms and conditions of transmission service within a Canadian jurisdiction.

“Catalogued Transmission Rights” means rights recognized by RTO West to satisfy the obligations of the Executing Transmission Owner as provided in Section 8.3 of this Agreement and set forth in the catalogue, which shall be established initially in conformance with Attachment F to the Stage 2 Filing Letter.

{“Certain Distribution Facilities” means those facilities that are used primarily to provide retail load service, with a secondary purpose of being used to provide, and support the provision of, wholesale services and that are classified as distribution pursuant to State or federal order. Such facilities may have secondary impacts on RTO West’s ability to execute its congestion management function in the manner set forth in the definition of RTO West Controlled Transmission Facilities but shall not be considered to be RTO West Controlled Transmission Facilities. Such facilities are identified on Exhibit N. }

[For Transmission Operating Agreements of Participating Transmission Owners that do not include Certain Distribution Facilities:]

“Certain Distribution Facilities” means those facilities listed on all Exhibits N to the Transmission Operating Agreements of all Participating Transmission Owners that have included an Exhibit N to their Transmission Operating Agreement.

“Columbia River Treaty” means the Treaty between Canada and the United States of America Relating to Cooperative Development of the Water Resources of the Columbia River Basin including its Annexes A and B, signed at Washington, D.C., United States of America, on

the 17th day of January, 1961, and the Protocol, brought into force by exchange of instruments of ratification and an exchange of notes on September 16, 1964.

“Company Billing Determinants” means those billing determinants for calculating the Company Loads to which Company Rates will apply, in such amount and calculated in such manner as proposed by the Executing Transmission Owner and accepted for filing or approved by FERC. The Executing Transmission Owner may propose multiple Company Billing Determinants in order to allow its Company Loads to choose among such alternative billing determinants.

“Company Costs” means the costs the Executing Transmission Owner reasonably expects to incur for a prospective two-year test period in connection with the ownership and operation of the Transmission Facilities or of alternatives that avoid construction of such Transmission Facilities, including any applicable performance or incentive payments, as FERC may accept for filing or approve if applicable. Company Costs shall not include (1) any Transfer Charges to be made or to be received by the Executing Transmission Owner (2) any payment or receipt of Transmission Facility Cost Sharing Payments allocated under the RTO West Tariff or (3) any applicable allocation of Merchant Function External Interface Access fee replacement revenues or TOA Costs (all as set forth in Exhibit G to this Agreement). Company Costs shall be reduced by any Company Rate revenue credits proposed by the Executing Transmission Owner (other than those referenced in the prior sentence).

“Company Loads” means the portion of the Executing Transmission Owner’s Interconnected Load associated with (1) Load Service Obligation (converted or non-converted) ~~plus~~, (2) network contracts converted to RTO West Transmission Services other than Non-Converted Transmission Service, (3) incremental load service beyond any Transmission Services

provided in addition to Non-Converted Transmission Service or converted Transmission Services for which a Transfer Charge is paid.

“Company Rate Period” means the period commencing on the Transmission Service Commencement Date and extending for a period of eight years.

“Company Rates” means rates charged to the Company Loads, determined as specified in Exhibit G, during the Company Rate Period and any extended period during which RTO West applies such rate.

“Confidential Information” means any documents, data or other information received by a Party from the other Party, whether in written, oral or machine-readable form, (1) that the provider has identified in writing to be confidential and (2) that (i) would produce a commercial disadvantage to the providing Party if disclosed or (ii) is confidential under Article IX, Section 9.4 of the RTO West Bylaws; provided that Confidential Information shall not include (a) information subject to disclosure on the RTO West Web Site pursuant to the RTO West Tariff; (b) information that becomes available to the public on a nonconfidential basis, other than as a result of the disclosing Party’s breach of its confidentiality obligations; (c) information received by the disclosing Party from a third party without claim of confidentiality; or (d) information independently developed by the disclosing Party.

“Congestion Management Assets” means the physical facilities and contractual and operational mechanisms that the Executing Transmission Owner makes available to RTO West so that RTO West has the means to honor and manage the Executing Transmission Owner’s Catalogued Transmission Rights pursuant to Section 8.4 of this Agreement (without regard to whether any of the Executing Transmission Owner’s Pre-Existing Transmission Agreements And Obligations have been converted. Physical facilities may include transmission lines,

substations, phase shifters and other hardware. Contractual and operational mechanisms may include items such as Remedial Action Schemes, redispatch services (or a commitment to pay for necessary redispatch purchased by RTO West) and rights to restrict service under pre-existing contracts.

“Congestion Management Proposal” means the proposal for an initial congestion management system for RTO West as set forth in Attachment F to the Stage 2 Filing Letter.

“Consequential Damages” means any indirect, consequential, exemplary, special, incidental or punitive damages including, without limitation, lost revenues or profits, the cost of substitute power or the cost of capital, even if such damages are foreseeable or the damaged party has been advised of the possibility of such damages and regardless of whether any such damages are deemed to result from the failure or inadequacy of any exclusive or other remedy.

“Control Area” means, unless otherwise defined in the RTO West Tariff, an electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to (1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s); (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice; (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

“Converted Rights” means the set of rights to External Interface Access Catalogued Transmission Rights and Financial Transmission Options) that the Executing Transmission Owner, other Participating Transmission Owner or third-party Transmission Customer receives

from RTO West upon the conversion of Pre-Existing Transmission Agreements And Obligations and suspension of such Pre-Existing Transmission Agreements And Obligations.

“Dispute Resolution” means that process for resolving disputes set forth in Section 20 of this Agreement.

“Electric Disturbance” means any sudden, unexpected, changed or abnormal electric condition originating in an Electric System that causes damage.

“Electric System” means a single integrated electric power grid usually characterized by ownership, rental, lease, control or operation by a single person or entity. An Electric System consists of electric distribution facilities or transmission facilities, or any combination thereof, and includes transmission lines, distribution lines, substations, switching stations and all associated equipment for transmitting or distributing the flow of power. The term “Electric System” includes any devices or equipment by which information is originated on an electric system, by which such information is transmitted and by which such information is received either for information or for operation of the system.

“Electric Utility” means (1) a “public utility” as defined by the Federal Power Act, (2) a municipal electric utility, (3) a cooperative public utility formed under applicable state law, (4) a public utility district, (5) a people’s utility district, (6) a federal power marketing agency, (7) a joint operating entity as defined in P.L. 106-273 or (8) a public utility or utility cooperative formed under applicable tribal law.

“Eligible Customer” means an Eligible Customer as defined in the RTO West Tariff, as amended from time to time.

“Emergency Measures” means actions that the Security Coordinator may direct to be taken in abnormal system conditions to protect the reliability, security and stability of the RTO

West Transmission System but that do not include directives to maintain reserve margins or increase transfer capability.

“Executing Transmission Owner” means the transmission owner executing this Agreement and the successors and assignees of that owner.

“Executing Transmission Owner Rate Schedules” means the Executing Transmission Owners’ rate schedules established pursuant to Section 16 and applicable to RTO West’s use of the Transmission Facilities, and for any other services provided by the Executing Transmission Owner to RTO West pursuant to this Agreement.

“External Interface Access” means the right to schedule energy from a point within or through RTO West for delivery at an External Interface Point.

“External Interface Access Fee” means a fee paid to RTO West to obtain External Interface Access.

“External Interface Point” means the external interconnections of RTO West listed in Exhibit I. Internal interconnections to electrical system(s) that are completely enclosed within the RTO West Transmission System or to an electrical system whose other interconnections are only within RTO West are not included in this definition.

“Federal Power Act” means the Federal Power Act, 16 U.S.C. § 824, et seq., as amended.

“Federal Rules of Civil Procedure” shall have the meaning specified in the RTO West Tariff.

“FERC” means the Federal Energy Regulatory Commission or any successor thereto.

“Financial Transmission Option” means a financial instrument that gives the holder the right to receive a credit from RTO West equal to (1) the congestion price differential (within a

specified hour) between its defined withdrawal and injection locations, multiplied by (2) the megawatt quantity specified in the instrument.

“General Transfer Agreements” means the following agreements and, for purposes **[For Bonneville only: of Section 9.3.4 of this Agreement]** of the definition of Interconnected Loads only, successor Open Access Transmission Tariff service agreements: (1) Agreement numbers DE-MS79-89BP92383 and DE-MS79-90BP92853 between Idaho Power Company and Bonneville; (2) Agreement number DE-MS79-85BP91989 between Montana Power Company and Bonneville; (3) Agreement numbers DE-MS79-79BP90000 and DE-MS79-88BP92436 between Sierra Pacific Power Company and Bonneville; (4) Agreement numbers DE-MS79-88BP92287 and 01PB-050059 between Utah Power & Light Company (now PacifiCorp) and Bonneville; (5) Agreement numbers DE-MS79-86BP91970, 14-03-99107, 96MS-95114 and DE-MS79-90BP93116 between The Washington Water Power Company (now Avista Corporation) and Bonneville; (6) Agreement numbers DE-MS79-82BP90049 and DE-MS79-88BP92458 between PacifiCorp and Bonneville; (7) Agreement number DE-MS79-89BP92384 between Portland General Electric Company and Bonneville; and (8) for purposes **[for BPA only: of Section 9.3.4 of this Agreement and]** of the definition of Interconnected Loads only, Agreement numbers 01PB-50047, 01PB-50048, 01PB-50050, 01PB-50051, 01PB-50052, 01PB-50053 and 01PB-50054 between Puget Sound Power & Light Company (now Puget Sound Energy) and Bonneville for purposes **[for Bonneville only of Section 9.3.4 of this Agreement]** the definition of Interconnected Loads.

“Generation Integration Agreement” means an RTO West agreement substantially in the form of the agreement identified as a Generation Integration Agreement and attached as a service agreement to the RTO West Tariff.

“Generation Owner” means a third-party owner of an electric generation facility interconnected or to be interconnected with the Electric System of the Executing Transmission Owner.

“Good Utility Practice” means 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 that, 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.

“Grid Management Charge” means the charge to be imposed by RTO West and calculated in accordance with Exhibit J to this Agreement.

“Independent Operator” means an entity that exercises, or a combination of entities that jointly exercise, operational control over the transmission facilities within a Canadian jurisdiction to the same or greater extent that RTO West has control over its RTO West Controlled Transmission System, provided that any such entity satisfies the independence requirements of Order 2000 (excluding provisions related to authority to make filings under section 205 of the Federal Power Act).

“Initial Participating Transmission Owners” means those Participating Transmission Owners specified as such in the recitals to this Agreement.

“Interconnected Load” means, if the Executing Transmission Owner is Bonneville, those loads interconnected with the Electric System of the Executing Transmission Owner; provided that loads of another Participating Transmission Owner served by the Executing

Transmission Owner under general transfer agreements (including loads served through new delivery points) shall be deemed the Interconnected Loads of the Participating Transmission Owner taking service for such loads under the general transfer agreement. If the Executing Transmission Owner a “public utility” as defined by the Federal Power Act, **“Interconnected Load”** means those loads interconnected with the Electric System of the Executing Transmission Owner; provided that loads served under General Transfer Agreements (including loads served through new delivery points but not loads served in additional service territories annexed after the date of this Agreement) shall be deemed the Interconnected Loads of Bonneville. [Notes: **(1) The Transmission Operating Agreement with TransConnect, LLC will need to define Interconnected Loads with respect to the Electric Facilities of the public utilities that have contributed their Transmission Facilities to TransConnect, LLC. TransConnect, LLC may reserve the right either to retain each of the individual public utility Interconnected Loads and Company Rates or to merge the Interconnected Loads and Company Rates of some or all of the public utilities that contributed Transmission Facilities. (2) Non-FERC jurisdictional transmission owners located in the United States, other than Bonneville, that execute a Transmission Operating Agreement will not be required to file their Company Costs with FERC and will not have a separate Company Rate. Instead, such entities will pay the Company Rate of the Participating Transmission Owner whose rate was applicable before execution by such entity of the Transmission Operating Agreement.]**

“Interconnected Load Billing Determinants” means those billing determinants for calculating the Interconnected Loads, in such amount and calculated in such manner as proposed by the Executing Transmission Owner and accepted for filing or approved by FERC. The Interconnected Load Billing Determinants shall be measured on a 12 Coincidental Peak (12 CP)

basis, except for load served with Pre-Existing Transmission Agreements (converted or not) that utilize a contract demand or reserved capacity billing determinants. The Interconnected Load Billing Determinants for that load will be the monthly billing determinant defined in the Pre-Existing Transmission Agreement.

“Interconnected Operations Services” means the generation or load resources that create the ability to supply Ancillary Services.

“Load Integration Agreement” means an RTO West agreement substantially in the form of the agreement identified as a Load Integration Agreement and attached as a service agreement to the RTO West Tariff.

“Load Service Obligation” means transmission service to loads with respect to which the Executing Transmission Owner has a legal obligation to provide such transmission service. For purposes of cataloguing transmission rights, transmission used to satisfy obligations under a General Transfer Agreement or similar contractual obligation of Bonneville’s shall be considered a Load Service Obligation of the party delivering energy to load and returning energy to its counterparty. For purposes of contract conversion, loads served by General Transfer Agreements are Company Loads of Bonneville, and general transfer agreements under which Bonneville contracts with a Participating Transmission Owner to provide delivered energy on behalf of the Participating Transmission Owner are Company Loads of the Participating Transmission Owner.

“Market Monitoring Unit” means an organization, including a division of RTO West, established to carry out a market monitoring plan for RTO West pursuant to Order 2000.

“Merchant Function” means (1) an electric wholesale power marketing or electric retail sales division of an Electric Utility and (2) an Electric Utility’s Affiliate (as defined in the Bylaws of RTO West) engaged in wholesale or retail electric power marketing.

“Mid-Columbia Hourly Coordination Agreement” means the 1997 Agreement for the Hourly Coordination of Projects on the Mid-Columbia River or its successor.

“NERC” means the North American Electric Reliability Council or its successor organization.

“Non-Converted Transmission Agreement” means Pre-Existing Transmission Agreements And Obligations for which firm transmission rights have not been suspended.

“Non-Converted Transmission Service” means Transmission Service provided by RTO West to an Executing Transmission Owner in order to satisfy such owner’s obligation as a transmission provider to provide service under any Pre-Existing Transmission Agreements And Obligations, if and to the extent that the firm transmission service rights thereunder have not been suspended.

“Northwest Power Act” means the Pacific Northwest Electric Power Planning and Conservation Act, Public Law No. 96-501.

“NRC” means the Nuclear Regulatory Commission or its successor.

“OASIS” means an open-access same-time information system as prescribed by FERC or any successor or revised system to OASIS prescribed by FERC.

“Operational Control” means the rights of RTO West under this Agreement to direct the Executing Transmission Owner to operate the RTO West Controlled Transmission Facilities for the purpose of affording comparable nondiscriminatory transmission access under the RTO West Tariff, while meeting applicable reliability criteria for the RTO West Transmission System.

“Operational Transmission Capability” means the reliability limit of a transmission path at any specified point in time. Operational Transmission Capability is a variable quantity, depending on operating conditions in the near term as determined by RTO West under operating and reliability criteria that are consistent with applicable NERC and WSCC criteria.

“Pacific Northwest” means the Pacific Northwest as defined in the Northwest Power Act.

“Participating Transmission Owner” means any transmission owner that has executed a Transmission Operating Agreement with RTO West, which agreement remains in effect, as well as the successors and assignees of such owner.

“Paying Agent Agreement” means the Paying Agent Agreement among RTO West and the Initial Participating Transmission Owners, executed concurrently with this Agreement, as amended from time to time, the form of which is attached as Exhibit L to this Agreement.

“Pending Project List” means a list prepared by the Executing Transmission Owner and provided to RTO West within two (2) years of the Transmission Service Commencement Date and identifying existing RTO West Controlled Transmission Facilities that it anticipates upgrading or adding to in the foreseeable future in order to meet its load service and other obligations. The Pending Project List shall include a general description of the nature of the planned upgrade or expansion and a project plan of service including project implementation dates. If the Executing Transmission Owner does not construct an upgrade or expansion pursuant to the plan of service, as adjusted for any regulatory or environmental assessment delays, the upgrade or expansion shall be removed from the Pending Project List. The Executing Transmission Owner may update the Pending Project List to include a plan of service for any phased construction of any new RTO West Controlled Transmission Facilities and shall have the

same rights with respect to such upgrades or expansions as if they were identified in the initial Pending Project List.

“Pre-Existing Transmission Agreements” means those firm Transmission Agreements with a term of more than one (1) year or with a termination date no longer than one (1) year from the Transmission Service Commencement Date, including those with the Merchant Function of the Executing Transmission Owner, that do not contain an express provision that permits the Executing Transmission Owner transmission function to unilaterally convert the transmission services offered thereunder to RTO West Transmission Services other than Non-Converted Transmission Service, and that remain in effect immediately before the Transmission Service Commencement Date. Such agreements shall include, without limitation, the 1964 or 1997 Pacific Northwest Coordination Agreements, or their successors, and arrangements pursuant to the Columbia River Treaty.

“Pre-Existing Transmission Agreements And Obligations” means those Transmission Agreements and Load Service Obligations, including those with the Merchant Function of the Executing Transmission Owner, in effect immediately before the Transmission Service Commencement Date.

“Property Damage” means damage to or destruction of tangible property, real or personal, but does not include Consequential Damages.

“Reference Period” means the set of reference (calendar) years beginning with 1999 and including the last full calendar year before the Participating Transmission Owner’s Company Costs rate filings that immediately precede the Transmission Service Commencement Date.

“Remedial Action Scheme” means protective systems that typically utilize a combination of status and quantity detectors, conventional protective relays, computer-based

processors or other logic devices and telecommunications, and the electric generation facilities, loads and other facilities that may be affected, to accomplish rapid, automated response to unplanned power system events.

“Rollover Rights” means the right to extend a Pre-Existing Transmission Agreement for the extension period selected by the holder of rights under such agreement, {as set forth in } section 2.2 of FERC’s prescribed form of Open Access Transmission Tariff.

“RTO West Arbitration Committee” shall have the meaning specified in section 5.14 of the Bylaws of RTO West.

“RTO West Arbitration Process” means a dispute resolution process pursuant to the RTO West Tariff, the RTO West Bylaws or otherwise with provisions that conform substantially to the terms and process set forth in Section 20 of this Agreement.

“RTO West Board of Trustees” shall have the meaning specified in the Bylaws of RTO West.

“RTO West Controlled Transmission Facilities” means those Transmission Facilities specified in Exhibit D to this Agreement, which are those Transmission Facilities over which RTO West shall exercise Operational Control. Unless FERC approves an exception, the Transmission Facilities specified in Exhibit D shall include all facilities that have a material impact on RTO West’s ability to execute its congestion management function. A facility shall be deemed to have a material impact on ability to manage congestion if removal of the facility would cause system transfer capability to become insufficient to support the transmission rights managed by RTO West or materially reduce the transfer capability of a transfer path in the WSCC’s path rating catalogue (whether or not such facility is part of the rated path facilities).

The classification of the low-voltage side of a transformer shall determine whether such transformer shall be included in Exhibit D, and substation facilities related to a transformer shall be included in Exhibit D if the transformer is included in Exhibit D. The Executing Transmission Owner shall not be required to include in Exhibit D those Transmission Facilities that are radial to load.

“RTO West Controlled Transmission System” means the RTO West Controlled Transmission Facilities plus the RTO West Controlled Transmission Facilities as specified in all other Transmission Operating Agreements with Participating Transmission Owners. *{Where expressly provided in this Agreement, the “RTO West Controlled Transmission System” shall also include Certain Distribution Facilities.}*

“RTO West Critical Control Facilities” means those protective relay systems, Remedial Action Schemes and other facilities specified in Exhibit E to this Agreement for which RTO West reasonably requires more direct control in order to meet applicable NERC and WSCC reliability criteria, while maintaining the Total Transmission Capability of the RTO West Controlled Transmission Facilities. RTO West and the Executing Transmission Owner also may by mutual agreement include any additional facilities in Exhibit E as RTO West Critical Control Facilities. Such “more direct control” shall be specified in Exhibit E and may include automatic control, supervisory control or other forms of manual control, including verbal direction.

“RTO West Tariff” means the tariff for the provision of Transmission Services by RTO West, including Ancillary Services, as accepted for filing or approved by FERC.

“RTO West Transmission System” means the Transmission Facilities, plus the “Transmission Facilities” as set forth in all other Transmission Operating Agreements with

Participating Transmission Owners. *{Where expressly provided in this Agreement, the “RTO West Transmission System” shall also include Certain Distribution Facilities.}*

“RTO West Web Site” means an Internet site through which RTO West will make available to market participants transmission system data, system demand data, system conditions, auction data, aggregated market data and other information as defined by RTO West.

“Scheduling Coordinator” means an entity certified and authorized by RTO West to submit schedules of transmission service and Ancillary Services on RTO West Controlled Transmission Facilities on behalf of eligible customers under the RTO West Tariff.

“Scheduling, System Control and Dispatch Services” means Scheduling, System Control and Dispatch Services as defined in the FERC pro forma Open-Access Transmission Tariff, as amended from time to time.

“Security Coordinator” means an entity carrying out the duties of a Security Coordinator as described in the WSCC document “WSCC Regional Security Plan.”

“Self-Provision” means provision by a Scheduling Coordinator of electric generation capacity or contracts for use of such electric generation capacity for deployment by RTO West to meet RTO West’s obligations to provide Ancillary Services. Self-Provision shall reduce the Scheduling Coordinator’s obligation to pay the RTO West charges for Ancillary Services provided to it in the amount of electric generation capacity so provided.

“Self-Tracking” means the use by a Scheduling Coordinator of electric generation capacity it controls or contracts for to reduce or eliminate its obligation to acquire Ancillary Services requirements from RTO West. Self-Tracking Scheduling Coordinators must match electric generation to load within an RTO-West-defined time standard.

“State” means the political subdivision of the United States {in which the Transmission Facilities of one or more Participating Transmission Owners are located}. In the event that a Canadian transmission owner executes a Transmission Operating Agreement with RTO West, a any reference to a State in this Agreement shall include a province in which the Canadian transmission owner’s transmission system is located.

“Stranded Costs” means any amounts charged by a Participating Transmission Owner to RTO West pursuant to Section 16.4 of this Agreement (1) for the recovery of power costs that the Participating Transmission Owner is unable to fully recover through its revenues for the sale of power or (2) for the recovery of any costs the Executing Transmission Owner is allowed by FERC to charge loads that reduce or eliminate their purchases of power from the Executing Transmission Owner or that reduce or eliminate their contributions to paying for any portion of the Electric System of the Executing Transmission Owner.

“TOA Costs” means costs assigned to be recovered by a Participating Transmission Owner’s Interconnected Load pursuant to Section 17.3 of this Agreement.

“Total Transmission Capability” represents the reliability limit of a transmission path rated in the WSCC’s path rating catalogue. It is a quantity representing forecasted conditions in the long term as determined by RTO West under operating and reliability criteria that are consistent with applicable NERC and WSCC criteria.

“Transfer Charge Adjustment” means the adjustment to Transfer Charges described in Exhibit H to this Agreement.

“Transfer Charges” means those charges to be paid to or received from other entities in connection with the suspension and conversion of Pre-Existing Transmission Agreements And Obligations. The Transfer Charge shall equal the amount of money (or the internal credit) that

the Executing Transmission Owner received for services provided under the Pre-Existing Transmission Agreements And Obligations during the Reference Year, adjusted, if applicable, for unit costs as set forth in Exhibit H to this Agreement. As Transfer Charges are established by other Participating Transmission Owners, RTO West shall set forth such Transfer Charges in Exhibit H and provide the Executing Transmission Owner with a revised copy of such Exhibit H. Transfer Charges for a Participating Transmission Owner may include amounts receivable from the Participating Transmission Owner's Merchant Function.

“Transmission Adequacy Standards” means standards developed by RTO West with the input of the Participating Transmission Owners that ensure that the RTO West Controlled Transmission Facilities can deliver required power to the aggregate of Participating Transmission Owners' Interconnected Load irrespective of the cost of power and congestion costs. Such standards shall be consistent with industry standards regarding reliability.

“Transmission Agreements” mean any agreements between the Executing Transmission Owner and any party other than RTO West that call for the Executing Transmission Owner to provide or to receive transmission services using any portion of the RTO West Transmission System.

“Transmission Customer” means a Transmission Customer as defined in the RTO West Tariff, as amended from time to time.

“Transmission Facilities” means those transmission facilities identified in Exhibit B to this Agreement. The Transmission Facilities shall include at least all of the Executing Transmission Owner's transmission facilities that meet the definition of RTO West Controlled Transmission Facilities. The Transmission Facilities shall not include generation-integration transmission facilities.

“Transmission Facility Cost Sharing Payments” means payments relating to an RTO West cost allocation made pursuant to the RTO West Tariff. RTO West shall allocate costs when RTO West has arranged for the construction of upgrades or expansions to the RTO West Transmission System or when RTO West, consistent with its Bylaws, has implemented alternatives that avoid the construction of such upgrades or expansions to ensure transmission adequacy. RTO West shall allocate the costs of such upgrades, facilities or alternatives equitably among the Interconnected Loads that benefit from the upgrade, facility or alternative. RTO West may allocate costs in response to requests by entities constructing upgrades or expansion to the extent such upgrades or expansion avoid the need for an Executing Transmission Owner to upgrade or expand its facilities to satisfy RTO West Transmission Adequacy Standards as determined by RTO West after notice and opportunity for a Participating Transmission Owner to take action to satisfy such standards. The cost of such upgrades, facilities or alternatives shall be allocated equitably among the project sponsor and the benefiting Participating Transmission Owners; provided that a benefiting Participating Transmission Owner shall not be allocated an amount greater than the cost of the avoided upgrade or expansion.

“Transmission Operating Agreement” means this Agreement, including all exhibits hereto, and any agreement or combination of agreements creating rights and obligations for a transmission owner similar to the rights and obligations created by this Agreement, including all exhibits hereto. Any such agreement, including exhibits thereto, shall be considered a Transmission Operating Agreement, even if some of the rights and obligations created therein differ in material respects from those of this Agreement, including all exhibits hereto.

“Transmission Service Commencement Date” means the date that RTO West commences its provision of Transmission Services and Operational Control over the RTO West Transmission System, pursuant to the notice specified in Section 6.3.2 of this Agreement.

“Transmission Services” means all those transmission services set out in the RTO West Tariff, which shall include all transmission services that the Executing Transmission Owner otherwise would be required by FERC to provide. As used in this Agreement, the term “Transmission Services” shall not include Ancillary Services.

“Transmission System Emergency” means an urgent event or condition affecting the RTO West Transmission System that, in the determination of RTO West, has resulted in or creates an impending threat of one (1) or more of the following:

(1) serious injury to human health or safety (provided, however, that interruption of Transmission Service to any load that RTO West or any other party has a firm obligation to serve shall not in itself necessarily be deemed to create a serious and impending threat of injury to human health or safety);

(2) serious physical damage to elements of the RTO West Transmission System or any Electric System interconnected with the RTO West Transmission System;

(3) unintended interruption(s) of Transmission Service across one or more major transfer paths that pose a significant threat to load service (i) within the RTO West Transmission System or (ii) within any other transmission system that is directly or indirectly interconnected with the RTO West Transmission System; or

(4) deviation(s) in frequency or voltage that, if uncorrected, will lead to the loss (by operation of protective relay equipment) of critical elements of the RTO West Transmission

System or of any other transmission system that is directly or indirectly interconnected with the RTO West Transmission System.

“Uncontrollable Force” means any act of God; labor disturbance; act of the public enemy; war; insurrection; riot; fire; storm or flood; vandalism; earthquake; explosion; accident to or breakage, failure or malfunction of machinery or equipment; any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities (other than (1) RTO West or (2) the Executing Transmission Owner, if the Executing Transmission Owner is a federal power marketing administration, municipal corporation or other federal, tribal or state governmental entity or subdivision thereof); or any other cause beyond a Party’s reasonable control and to the extent without such Party’s fault or negligence. Economic hardship shall not constitute an Uncontrollable Force under this Agreement.

“Unrestricted Reservation Right” means an assignable and tradable right to schedule one (1) megawatt of electric power and energy over any pair of injection and withdrawal points in one (1) direction for a particular hour. Unrestricted Reservation Rights are sold by RTO West in strips of the same quantity of megawatts each hour for one (1) hour, one (1) day, one (1) week, one (1) month, one (1) year or such other time period as RTO West shall determine.

“Voltage Support Service” means Ancillary Service needed to maintain acceptable voltage levels on the RTO West Transmission System and to meet reactive capacity requirements at points of interconnection on the RTO West Transmission System.

“Western Interconnection” means the synchronously operated interconnected electric transmission systems located in the western United States, the Mexican state of Baja California and the Canadian provinces of British Columbia and Alberta.

“Wholesale Distribution Rate” means a FERC-approved open-access tariff rate for wholesale service over some or all of the Executing Transmission Owner’s Electric System facilities that are not Transmission Facilities.

“Wholesale Distribution Tariff” means a FERC-approved open-access tariff specifying the rates and terms and conditions for providing wholesale service over an Executing Transmission Owner’s Electric System facilities that are not Transmission Facilities.

“Willful Action” means an action taken or not taken by a Party, which action is knowingly or intentionally taken or failed to be taken with intent that injury or damage would result therefrom, or which action is wantonly reckless. Willful Action does not include any act or failure that is involuntary, accidental, negligent or grossly negligent.

“WSCC” means the Western System Coordinating Council or its successor.

EXHIBIT B

TRANSMISSION FACILITIES

[This exhibit will contain a list of the Executing Transmission
Owner's Transmission Facilities. A list of all the filing
utilities' proposed Transmission Facilities is included in
Attachment D to the Stage 2 Filing Letter.]

EXHIBIT C

PRE-EXISTING TRANSMISSION AGREEMENTS

[This exhibit is not yet developed.]

EXHIBIT D

RTO WEST CONTROLLED TRANSMISSION FACILITIES

[This exhibit will contain a list of the Executing Transmission Owner's RTO West Controlled Transmission Facilities. A list of all the filing utilities' proposed RTO West Controlled Transmission Facilities is included in Attachment D to the Stage 2 Filing Letter.]

EXHIBIT E

RTO WEST CRITICAL CONTROL FACILITIES

[This exhibit is not yet developed.]

EXHIBIT F

CATALOGUED TRANSMISSION RIGHTS AND CONGESTION MANAGEMENT ASSETS

[The description of Catalogued Transmission Rights and
Congestion Management Assets shall be as described in the
Description of RTO West Congestion Management Proposal
included as Attachment F to the Stage 2 Filing Letter.]

EXHIBIT G

COMPANY RATES

The Company Rate to be included in RTO West's charges to the Executing Transmission Owner's Company Loads during the Company Rate Period shall be calculated pursuant to the following formula:

$$\begin{aligned} \text{Company Rate} = & \left[(\text{Company Costs} \pm \text{Transfer Charges} - \text{Revenues from Non-converted} \right. \\ & \text{Transmission Agreements} + \text{Costs of Non-converted Transmission} \\ & \left. \text{Agreements}) \right] / (\text{Company Billing Determinants}) \\ & + \left[(\text{Transmission Facility Cost Sharing Payments} - \text{Allocated Merchant} \right. \\ & \text{Function External Interface Access Fee Revenue} - \text{Replacement} \\ & \left. \text{Revenue Pool Allocation (if applicable)} + \text{TOA Costs Allocation}) \right] / \\ & (\text{ETO Interconnected Load Billing Determinants}) \end{aligned}$$

The terms in the formula that are not Transmission Operating Agreement defined terms are defined as follows:

Allocated Merchant Function External Interface Access Fee Revenue means revenues from an Executing Transmission Owner's affiliated merchant for use of External Interface Points located on the facilities owned by an Executing Transmission Owner. These revenues are not included in the Replacement Revenue Pool, but are credited directly to the Executing Transmission Owner to lower revenue requirements.

Revenue from Non-Converted Transmission Agreements means the payments from Pre-Existing Transmission Agreements that do not convert to RTO West Transmission Use Service that are made to the Executing Transmission Owner provider as provided by those agreements.

Cost of Non-converted Transmission Agreements are payments made by an Executing Transmission Owner for transmission purchased from other transmission providers, which are included in Company Rates as part of the elimination of pancaking.

Replacement Revenue Pool Allocation means the allocated share of revenues collected from External Interface Access Fees, surplus revenues from Congestion Management, and revenues from the Backstop Recovery Mechanism, if triggered as described in Exhibit I.

TOA Costs Allocation means an Executing Transmission Owner's allocated share of TOA Costs.

EXHIBIT H

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 by RTO West for the associated agreements that are converted to RTO West Transmission Service, other than Non-Converted Transmission Service, for the term of the Pre-Existing Transmission Agreements. This Exhibit H will be revised any time additional Pre-Existing Transmission Agreements with a term of one (1) year or longer are converted to Transmission Service other than Non-Converted Transmission Service. Transfer Charges for such agreements will be based on the most recent contract information, including the current Executing Transmission Owner transmission rate applicable to that agreement. Conversion of a network agreement serving an Executing Transmission Owner's Interconnected Load will not result in a Transfer Charge, because the Interconnected Load will pay the Executing Transmission Owner's Company Rate after conversion.

If the Executing Transmission Owner has a Pre-Existing Transmission Agreement with another Participating Transmission Owner that

- (1) is necessary to meet its own load service obligations within RTO West,
- (2) expires during the Company Rate period and
- (3) provides for rollover rights, pursuant to the agreement or the Participating

Transmission Owner's Open Access Transmission Tariff,

then upon expiration of the agreement, the agreement shall be automatically extended through the remaining term of the Company Rate Period, and the Executing Transmission Owner shall

(i) continue to receive service pursuant to the agreement, and

(ii) pay the Participating Transmission Owner's applicable contract charge for non-converted pre-existing open access transmission tariff agreements. This provision will not apply if and when the Executing Transmission Owner no longer needs the service under the agreement to meet its own load service obligations within RTO West.

If the Executing Transmission Owner voluntarily converts a Pre-Existing Transmission Agreement with another Participating Transmission Owner (so that is subject to a Transfer Charge for at least the remaining duration of the Company Rate Period), the provisions that apply generally to conversion of Pre-Existing Transmission Agreements shall apply to such conversion.

If (1) a pre-Order 888 contract has pricing provisions different from the Open Access Transmission Tariff, (2) the Executing Transmission Owner customer extended the service beyond the expiration date in the contract pursuant to a Rollover Right and (3) the Rollover Right did not include a right to continuation of the non-Open Access Transmission Tariff pricing provisions, then the Executing Transmission Owner shall adjust the contract charges or Transfer Charges for service after the original expiration date to be consistent with its Open Access Transmission Tariff.

Executing Transmission Owner — Bonneville

- A. Transfer Charges receivable from:
- (1) Transmission Customer A

(a) Long-Term Wheeling Revenues: (list agreement, duration and amount)

[Note: Amounts listed will include the total of all such long-term wheeling revenues received from the Transmission Customer and from its affiliates.]

(2) Transmission Customer B, etc.

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

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

Transfer Charge Adjustment:

If an Executing Transmission Owner has elected not to apply the Transfer Charge Adjustment, its Transfer Charge entitlements as shown above throughout the Company Rate Period shall be the amounts as stated in this Exhibit H. If an Executing Transmission Owner has elected to apply the Transfer Charge Adjustment, upon any filing of a Company Cost change (after the initial Company Cost filing), RTO West shall determine, consistent with the Executing Transmission Owner's statutory ratemaking process and using a prospective, two-year test period, the increase or decrease in such Executing Transmission Owner's unit transmission costs based upon the filed (i) Company Costs, (ii) adjustments and (iii) load data used to calculate its Company Rate pursuant to the formula in Exhibit G to the Transmission Operating Agreement. Such unit-cost percentage increase or decrease shall be filed with FERC for acceptance or

approval if applicable and applied to adjust all Transfer Charges specified in this Exhibit H as owed to such Executing Transmission Owner, other than those Transfer Charges identified above as non-adjustable under applicable Pre-Existing Transmission Agreements.

EXHIBIT I

EXTERNAL INTERFACE ACCESS FEE, REPLACEMENT REVENUE POOL AND BACKSTOP RECOVERY MECHANISM

An RTO West Transmission Customer scheduling from a point within or through the RTO West Transmission System to an External Interface Point must have External Interface Access that it can obtain in one of three ways: (1) purchase from RTO West by payment of the External Interface Access Fee, (2) receive upon conversion of a Pre-Existing Transmission Agreement that provided access to an External Interface Point or (3) be a Executing Transmission Owner taking Non-Converted Transmission Service from Pre-Existing Transmission Agreements And Obligations that provided access to an External Interface Point. The External Interface Points are listed in this Exhibit I.

Revenues from External Interface Access Fees and surplus revenue produced by the congestion management system will be combined to form the Replacement Revenue Pool, which shall be allocated to the Executing Transmission Owners to replace (1) historical revenues generated from short-term and nonfirm transmission service and (2) revenues lost after RTO West start-up as a result of expiring long-term contracts. If there is a sustained under- or over-collection of the Revenue Recovery Target, the Backstop Recovery Mechanism will be triggered to adjust revenues flowing into the Replacement Revenue Pool as described below.

I. External Interface Access Fee

The External Interface Access Fee will be calculated based on the average cost of the RTO West Transmission System, i.e., a system-wide “Postage Stamp” rate. The External Interface Access Fee will be discountable by RTO West only to maximize collections of the Replacement Revenue Pool, with all sales at a given External Interface Point for a given time receiving the same discount. Discounting at one External Interface Point does not require discounting at another External Interface Point, and discounting for a given time period does not require discounting for a different time period. External Interface Access may be resold to other RTO West Transmission Customers and, if purchased at full price from RTO West, may be used at any External Interface Point. If purchased at a discount, use will be limited to the External Interface Point to which the discount applied. If External Interface Access is derived from a Pre-Existing Transmission Agreement, its use will be limited to the External Interface Point named in the agreement. Rates for the External Interface Access Fee will be published for Annual, Monthly, Weekly, Daily and Hourly periods (or strips) and shall be calculated as follows:

A. Annual Service—The rate for Annual Service shall not exceed the sum of all the Executing Transmission Owners Company Costs divided by the 12 CP demand of the RTO West Transmission System, including both internal loads and exports.

B. Monthly Service—The rate for Monthly Service shall not exceed the rate for Annual Service divided by 12 months.

C. Weekly Service—The rate for Weekly Service shall not exceed the rate for Annual Service divided by 52 weeks.

D. Daily Service—The rate for Daily Service shall not exceed the rate for Weekly Service divided by 6 days.

E. Hourly Service—The rate for Hourly Service shall not exceed the rate for Daily Service divided by 16 peak hours.

II. Replacement Revenue Pool

The Replacement Revenue Pool is made up of revenues from External Interface Access Fees and from the surplus revenues produced by the Congestion Management System, i.e., revenues from FTO Auctions and the net revenues from over and under collection of congestion clearing activities. External Interface Access Fee revenues from a Executing Transmission Owner's merchant function for use of External Interface Points located on the transmission facilities owned by that Executing Transmission Owner are credited directly to the Executing Transmission Owner to revenue requirements, as specified in Exhibit G. These revenues are not included in the Replacement Revenue Pool.

If the Backstop Recovery Mechanism is triggered by under-collection, as described below, the revenues from additional charges instituted to correct a shortfall will become part of the Replacement Revenue Pool.

A. Revenue Recovery Target—The Revenue Recovery Target is a fixed dollar amount equal to the average of the sum of non-firm and short-term revenues collected by each Executing Transmission Owner from entities other than that Executing Transmission Owner's affiliates for a set of calendar years beginning with 1999 and running until the last full calendar year that immediately precedes RTO West's commencement of operations (the Reference

Period). The Revenue Recovery Target will be adjusted for lost revenues resulting from long-term contracts that expire during the Company Rate Period by an amount equal to the revenue from the expiring contract during the last year of the Reference Period. A complete year of revenue from an agreement will be included as the last full calendar year revenue if the agreement had a service commencement date after January 1 in the last year of the Reference Period or in any year following the last year of the Reference Period.

B. Annual Recovery Differential—The Annual Recovery Differential will be equal to the annual collections by the Replacement Revenue Pool minus the Revenue Recovery Target.

C. Replacement Revenue Pool Allocation—Each year, RTO West will allocate the annual collections flowing into the Replacement Recovery Pool, with over- and under-collections flowing through to Executing Transmission Owners. Each Executing Transmission Owner shall receive a share of the Replacement Revenue Pool equal to the annual balance in Replacement Revenue Pool times an allocator equal to the Executing Transmission Owner's revenues included in the Revenue Recovery Target divided by total Revenue Recovery Target.

III. Backstop Recovery Mechanism

A. Backstop Recovery Mechanism Triggers—When a sustained under or over collection of the Revenue Recovery Target occurs, the Backstop Recovery Mechanism will be triggered. The Backstop Recovery Mechanism will be triggered by an under-recovery, if the cumulative sum of the Annual Recovery Differentials is negative and the absolute value of the cumulative sum exceeds the absolute value of the difference between the lowest annual short-term and nonfirm revenue in the Reference Period and the average annual short-term and

nonfirm revenue in the Reference Period. The Backstop Recovery Mechanism will be triggered by an over-recovery, if the cumulative sum of the Annual Recovery Differentials is positive and the cumulative sum exceeds the difference between the highest annual short-term and nonfirm revenue in the Reference Period and the average annual short-term and nonfirm revenue in the Reference Period.

B. Correction of Sustained Under- or Over-Recovery—If the Backstop Recovery Mechanism is triggered by under-recovery, RTO West will develop an appropriate charge or charges to correct the cumulative shortfall and recover the Revenue Recovery Target on a prospective basis. If the Backstop Recovery Mechanism is triggered by over collection, RTO West will propose an appropriate mechanism for adjusting the cumulative over collection and recover the Revenue Recovery Target on a prospective basis. The actual design and application of a Backstop Cost Recovery fee will be left to RTO West if the backstop mechanism is triggered. In establishing appropriate charges, RTO West will consider possible causal relationships and the minimization of cost shifting and ensure that all customers' uses contribute to the recovery of the fixed costs of the system.

Example Draft of External Interface Facilities

The following table is provided as example of the list of External Interface Points that will be included in this Exhibit I when the Transmission Operating Agreement is executed by the parties.

Groups	External Interface Point	Facilities Description	Comments
RTO West to Alberta	Cranbrook 500	1 - 500-kV Line	
	Natal 138	2- 138-kV Lines	
RTO West to CAISO	COB	Malin and Captain Jack - 3 - 500-KV Lines	
	Cascade	115-kV Line	
	NOB	PDCI at Nevada-Oregon Border	
	Mona	4- 230 kv Nevada Power lines 1- 230 kV Valley Electric Ass 4-69 kV Nevada Power lines 2 - 345-kV Lines to LADWP IPP DC Terminal	LADWP
	Gonder	1- 230-kV Line to LADWP IPP DC Terminal	LADWP
	Mead	3 - 230-kV NPC Lines	Also provides interconnection to Westconnect, LADWP
	McCullough	2 - 230-kV NPC Lines	LADWP
	Crystal	NPC connection into Navajo-McCullough 500-kV Line	Also provides interconnection to Westconnect, LADWP
	Merchant	1 - 230-kV NPC Lines	El Dorado Energy has a 230-kV line from Merchant to Eldorado (Caiso)
	Navaho/Eldorado		CAISO
	Silver Peak PS	2 – 55 kV lines	CAISO
	Summit 115	2 -115-kV Lines from Sierra Pacific to PG&E	
Summit 60	1 - 60-kV Line from Sierra Pacific to PG&E		
RTO West to Westconnect	Mead	3 - 230-kV NPC Lines	Also provides interconnection to CAISO, LADWP
	McCullough	2 - 230-kV NPC Lines	Only connection to Westconnect is via the WALC 230-kV line to Davis
	Crystal	NPC connection into Navajo-McCullough 500-kV Line	Also provides interconnection to CAISO

Groups	External Interface Point	Facilities Description	Comments
	Glenn Canyon 230	1 - 230-kV Line from Sigurd to Glenn Canyon which is a WAPA station (assumes WAPA part of Westconnect)	
	Four Corners 345	1- 345-kV Line from Huntington	
	Yellowtail 230	WAPA, PacifiCorp and NorthWestern Energy	
	Crossover 230	Crossover-Huntley Tap & Crossover Hardin 230-kV Lines	
	Thermopolis 230	WAPA and PacifiCorp	
	Dave Johnston 230/115	WAPA and PacifiCorp	
	DJ to Stegall 230		
	DJ to LRS 230		
	Spence 230	WAPA and PacifiCorp	
	Flaming Gorge 230	WAPA and PacifiCorp	
	Vernal 138	WAPA and PacifiCorp	
	Riverton 115	Tri-State G&T and PacifiCorp	
RTO West to Deseret & Utah Municipal	Mona 345	Line to Bonanza.	
	Upalco 138 kV	Moon Lake Electric	
RTO West to Basin Electric	Wyodak 230		
	Antelope Mine		
RTO West to Black Hills	Wyodak 230		
RTO West to WAPA UM	Shelby 115	Shelby-Tiber Tap 115-kV Line	
	Rainbow 161	Rainbow-Verona 161-kV	
	Havre 161	Rainbow-Assiniboine-Havre 161-kV Line	

EXHIBIT J

GRID MANAGEMENT CHARGE

The Grid Management Charge (GMC) is a formula rate designed to recover certain RTO West administrative and operating costs as specified below. The GMC will be a dollar-per-megawatt-hour (\$/mWh) charge levied on all schedules submitted to RTO West.

Calculation of GMC

The GMC will be calculated as follows and will be revised periodically as needed, but no less than once every twelve (12) months. (*Note: References to account numbers below are to those used for FERC Form 1.*)

Grid Management Charge = Revenue Requirement / (Loads + Exports)

Where:

Revenue Requirement = Operating Expenses + Debt Service - Interest Earnings - Reserve Transfer

Loads = the total annual energy delivered under Transmission Use Service + total annual energy delivered under Non-Converted Transmission Service

Exports = the total annual energy scheduled out of RTO West under Transmission Use Service or Non-Converted Transmission Service

Where:

Operating Expenses = O&M Expenses plus certain Taxes Other Than Income Taxes (Account 408.1); provided that any taxes subject to allocation under section 25.20 of the Transmission Operating Agreements between RTO West and Initial Participating Transmission Owners shall not be included in Operating Expenses for calculation of the GMC.

O&M Expenses = Transmission O&M Expenses (Accounts 560-574) plus Customer Accounting Expenses (Accounts 901-905) plus Customer Service and Informational Expenses (Accounts 906-910) plus Sales Expenses (Accounts 911-917) plus Administrative & General Expenses (Accounts 920-935); provided that costs properly allocated to the management of congestion by RTO West shall not be included in O&M Expenses for calculation of the GMC.

Debt Service = for any fiscal year, scheduled principal and interest payments, sinking fund payments related to balloon maturates, repayment of commercial paper notes, net payments required pursuant to a payment obligation or payments due on any RTO West notes. This amount includes the current year accrued

principal and interest payments); provided that costs properly allocated to the management of congestion by RTO West shall not be included in Debt Service for calculation of the GMC.

Interest Earnings = Interest earnings on Operating and Capital Reserve balances (Account 419). Interest on bond or note proceeds specifically designated for capital projects or capitalized interest is excluded; provided that interest costs properly allocated to the management of congestion by RTO West shall not be included in Interest Earnings for calculation of the GMC.

Reserve Transfer = the projected reserve balance for year-end of the prior fiscal year less the Reserve Requirement as adopted by the RTO West Board of Directors and FERC; provided that the cost of reserves properly allocated to the management of congestion by RTO West shall not be included in the Reserve Transfer for calculation of the GMC. If such amount is negative, the amount may be divided by (*e.g., two- (2)*) so that the reserve is replenished within a (*e.g., two- (2-)*) year period. (Account 128 subaccounts)

Reserve Requirement = (*e.g., fifteen percent (15%)*) of Annual Operating Expenses; provided that the cost of reserves properly allocated to the management of congestion by RTO West shall not be included in the Reserve Transfer for calculation of the GMC.

Extraordinary expenses or losses that, consistent with generally accepted accounting practices, can be booked to accounts other than the accounts listed above shall not be included in such accounts for calculation of the GMC. No costs other than costs specified in this Exhibit shall be included in the calculation of the GMC.

EXHIBIT K

FORM OF AGREEMENT TO SUSPEND PROVISIONS OF PRE-EXISTING
TRANSMISSION AGREEMENTS

[This Exhibit was submitted in Stage 1
but has not yet been revised to
conform to the Stage 2 proposal.]

EXHIBIT L

FORM OF PAYING AGENT AGREEMENT

EXHIBIT M

COPY OF EXECUTING TRANSMISSION OWNER'S SECURITY COORDINATION
AGREEMENT WITH PACIFIC NORTHWEST SECURITY COORDINATOR

COPY OF EXECUTING TRANSMISSION OWNER'S SECURITY COORDINATION
AGREEMENT WITH PACIFIC NORTHWEST SECURITY COORDINATOR
[EXHIBIT M TO ATTACHMENT A \(TOA\)](#)
RTO WEST STAGE 2 FILING – RT01-35

EXHIBIT N

[Exhibit for Participating Transmission Owners that elect to include Certain Distribution Facilities:]

CERTAIN DISTRIBUTION FACILITIES

[This exhibit will contain a list of Certain Distribution Facilities of any filing utility electing to include such facilities. The Certain Distribution Facilities of Puget Sound Energy, Inc. are listed on Attachment D of the Stage 2 Filing Letter.]

EXHIBIT O

ALLOCATION OF FUNCTIONS BETWEEN RTO WEST AND INDEPENDENT
OPERATOR

[To be developed]

ALLOCATION OF FUNCTIONS BETWEEN RTO WEST AND INDEPENDENT
OPERATOR

[EXHIBIT O TO ATTACHMENT A \(TOA\)](#)

RTO WEST STAGE 2 FILING – RT01-35

EXHIBIT P

DISPUTE RESOLUTION PROCESS

[This Exhibit is Still Being Developed]

The dispute resolution process set forth in this Exhibit shall apply to (1) disputes pursuant to the RTO West Tariff concerning wholesale access to, or the adequacy of wholesale service over, facilities that are not RTO West Controlled Transmission Facilities and (2) disputes concerning the conversion of Pre-Existing Transmission Agreements to Catalogued Transmission Rights.

I. DISPUTES PURSUANT TO THE RTO WEST TARIFF CONCERNING WHOLESALE ACCESS TO, OR THE ADEQUACY OF WHOLESALE SERVICE OVER, FACILITIES THAT ARE NOT RTO WEST CONTROLLED TRANSMISSION FACILITIES.

A. If there is a dispute pursuant to the RTO West Tariff concerning wholesale access to, or the adequacy of wholesale service over, facilities that are not RTO West Controlled Transmission Facilities, the Executing Transmission Owner agrees to be a responding party in addition to RTO West pursuant to an RTO West Arbitration Process, consistent with the following terms and conditions:

1. Access means the need for and costs of upgrades, expansions, and interconnection facilities and the estimates of the nature, extent, total cost, schedule, and proposed allocations of costs associated with studies, including environmental analyses, proposed in response to a request for service in accordance with the terms and conditions provided in the applicable tariff;
2. Adequacy of service is determined by reference to (i) whether the service is comparable to the service the Executing Transmission Owner provides to its similarly situated retail loads served over the same facilities (for service provided over the Executing Transmission Owner's Electric System facilities that are not Transmission Facilities), (ii) whether the service is comparable to the Executing Transmission Owner's use of its own system (for service provided over Transmission Facilities that are not RTO West Controlled Transmission

Facilities), and (iii) whether the applicable tariff or contract provisions have been applied properly;

3. Bonneville shall be deemed a Transmission Customer with respect to any disputes arising out of service under a General Transfer Agreement to which the Executing Transmission Owner is a party, whether or not Transmission Facilities {*or Certain Distribution Facilities*} are used to provide such service so long as Bonneville has agreed (i) to the RTO West Arbitration Process with the Executing Transmission Owner under the terms and conditions set forth in this Exhibit for disputes arising out of service under any general transfer agreements under which Bonneville contracts with the Executing Transmission Owner to provide delivered energy on behalf of the Executing Transmission Owner and (ii) that for purposes of any such RTO West Arbitration Process, the Executing Transmission Owner shall be deemed to be a Transmission Customer;
4. The arbitrator's award shall be limited to a determination of whether the terms of access or the adequacy of service conform with (i) the terms set forth in this Exhibit; (ii) any other applicable agreement or tariff; (iii) the Federal Power Act, as applicable; (iv) FERC's then-applicable standards and policies; and (v) other applicable law; and
5. Nothing in this Exhibit shall entitle any party (other than RTO West) to dispute whether any part of the Executing Transmission Owner's Electric System has incorrectly been included with or excluded from the Transmission Facilities listed on Exhibit B or the RTO West Controlled Transmission Facilities listed on Exhibit D {*or the Certain Distribution Facilities listed on Exhibit N*}. In addition, the arbitrator shall have no authority to make any award that is inconsistent with the terms set forth in Section 20.7.2 or any other the provisions of this Agreement.

II. DISPUTES CONCERNING THE CONVERSION OF PRE-EXISTING TRANSMISSION AGREEMENTS TO CATALOGUED TRANSMISSION RIGHTS PURSUANT TO SECTION 9.3.2 OF THIS AGREEMENT.

- A. The Executing Transmission Owner and the Executing Transmission Owner customer will follow the procedures set forth in Section 9.3 for suspension and conversion of Pre-Existing Transmission Agreements And Obligations.
- B. If the Executing Transmission Owner and the Executing Transmission Owner customer cannot agree upon a catalogue before conversion, then the Executing Transmission Owner customer may choose to pursue arbitration of issues related to the catalogue pursuant to the following terms and conditions:

1. The right to arbitration shall not be available for cataloguing of Open Access Transmission Tariff terms and conditions that may be unilaterally modified by the transmission provider (subject to FERC approval).
2. The issues subject to arbitration shall be limited to: (i) demands and locations of Points of Injection and Points of Withdrawal; (ii) limitations on amounts and directions of overall schedules; (iii) scheduling points of receipt and delivery (if off the RTO West Controlled Transmission System); (iv) scheduling flexibilities or limitations; (v) Participating Transmission Owner's rights to limit or curtail schedules; and (vi) load growth amount or formula.
3. The Executing Transmission Owner customer's election to take unresolved issues to arbitration will be irrevocable.
4. The Executing Transmission Owner customer shall have the burden of proof.
5. The arbitrator's decision regarding methodologies shall be applied consistently to similar contracts.
6. The Executing Transmission Owner and the Executing Transmission Owner customer must accept the arbitration outcome (with any appeal rights).
7. Conversion of the Pre-Existing Transmission Agreement or Obligation shall be permanent (*i.e.*, cannot go back to unconverted contract) unless RTO West terminates operation or the Executing Transmission Owner withdraws from RTO West.
8. Intervention in the arbitration shall be limited to entities that also elect to convert to Catalogued Transmission Rights.
9. Any rights under the Pre-Existing Transmission Agreement to add points of receipt or points of delivery not included in the Catalogued Transmission Rights shall be suspended.
10. The Executing Transmission Owner customer shall become a Transmission Customer of RTO West and shall schedule its Catalogued Transmission Rights directly with RTO West.