

# Contract No. DE-PM75-98SW00374

UNITED STATES  
DEPARTMENT OF ENERGY  
SOUTHWESTERN POWER ADMINISTRATION

INTERCONNECTION AND TRANSMISSION SERVICE AGREEMENT

BETWEEN

UNITED STATES OF AMERICA

AND

PEOPLE'S ELECTRIC COOPERATIVE

COPY

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Exhibits Attached

- Exhibit "1" - General Contract Provisions (NPS, 041897)
- Exhibit "2" - Blank
- Exhibit "3" - PEC Allen Point of Delivery diagram and site plan

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THIS AGREEMENT, made and entered into this 29<sup>th</sup> day of December, 1997, by and between the UNITED STATES OF AMERICA, represented by the Secretary of Energy, acting by and through the Administrator, Southwestern Power Administration (hereinafter "Southwestern"), an Administration within the Department of Energy, and People's Electric Cooperative (hereinafter "PEC"), organized and existing under the laws of the State of Oklahoma, acting through its duly authorized officials; WITNESSETH, That,

WHEREAS, Southwestern has constructed and operates a transmission system to fulfill its responsibilities pursuant to Section 302(a)(1) of the Department of Energy Organization Act (91 Stat. 578; 42 U.S.C. 7152), Section 5 of the Flood Control Act of 1944 (58 Stat. 887, 890; 16 U.S.C. 825s), and Public Law No. 95-456 (92 Stat. 1230; 16 U.S.C. 825s-3); and

WHEREAS, Southwestern has constructed and operates a 138-kV transmission line and related facilities between Weleetka, Oklahoma, and the Denison Dam in the vicinity of Denison, Texas (Southwestern's Transmission Line No. 3101), and said transmission line and related activities are in the vicinity of PEC's facilities; and

WHEREAS, PEC desires to tap into the said Southwestern 138-kV transmission line at Allen, Oklahoma; and

WHEREAS, the Administrator, Southwestern, has determined that transmission capacity in the aforementioned Southwestern 138-kV transmission system and related facilities is presently available in excess of that required to fulfill the responsibilities of Southwestern under Section 5 of the Flood Control Act of 1944, with the understanding that such availability of capacity is subject to the provisions set forth in this Agreement and is dependent upon the integrity of such system and related facilities;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties contract and agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1. System of PEC. The term "System of PEC," as used herein, shall mean the transmission and related facilities owned by PEC and/or the transmission and related facilities owned by others, the capacity of which, by contract, is available to and utilized by PEC.

Section 2. System of Southwestern. The term "System of Southwestern," as used herein, shall mean the generation, transmission, and related facilities owned by Southwestern and/or the generation, transmission, and related facilities owned by others, the capacity of which, by contract, is available to and utilized by Southwestern to satisfy its obligations to PEC under this Agreement.

Section 3. Month and Billing Period. The terms "month" and "billing period," as used herein, shall mean the period beginning on the first day and extending through the last day of each calendar month.

Section 4. Uncontrollable Force. The term "Uncontrollable Force," as used herein, shall mean any force which is not within the control of the party affected, including but not limited to failure of water supply, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, or restraint by court of general jurisdiction which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid.

Section 5. General Contract Provisions. (a) General Contract Provisions which are applicable to this Agreement are set forth in the attached Exhibit "1," and by this reference made a part hereof. Definitions set forth in the articles of this Agreement shall also apply to their respective terms used in Exhibit "1," and the term "Customer," used in Exhibit "1," shall mean PEC.

(b) Any specific terms set forth in the articles of this Agreement shall have precedence over any general provision contained in Exhibit "1," to the extent consistent with statutes and regulations of the United States.

## ARTICLE II

### TRANSMISSION SERVICE BY SOUTHWESTERN

Section 1. Statement of Intent and Purpose. Southwestern has constructed and operates 138-kV transmission and related facilities in the vicinity of Allen, Oklahoma.

Capacity in such transmission and related facilities is available, subject to the conditions and restrictions as set forth in Section 6 of this Article II in excess of that required by Southwestern to fulfill its responsibilities under Section 5 of the Flood Control Act of 1944; and such excess capacity may be used for the transmission and/or displacement of non-Federal power and energy between the transmission and related facilities owned by PEC and the System of Southwestern.

Section 2. Power and Energy Caused to be Furnished by PEC. PEC shall be responsible for causing to be furnished and delivered to Southwestern, at the points of electrical interconnection between the System of Southwestern and the System of PEC, the quantities of non-Federal power and energy to be transmitted and displaced through the System of Southwestern pursuant to Section 3 of this Article II.

Section 3. Transmission Service by Southwestern. (a) Southwestern shall transmit and/or displace through the System of Southwestern and into the System of PEC, at the point of delivery set forth in Section 1 of Article III hereof, the quantities of Non-Federal Power and Energy which PEC causes to be furnished and delivered to Southwestern pursuant to Section 2 of this Article II. The transmission capacity reservation by Southwestern and the maximum rate of delivery to the System of PEC shall be as follows:

<b>Contract Year</b>	<b>Reservation/Maximum Rate of Delivery (Megawatts)</b>
1/01/98 thru 12/31/98	0
1/01/99 thru 12/31/99	2
1/01/2000 thru 12/31/2000	3
1/01/2001 thru 12/31/2001	4

<b>Contract Year</b>	<b>Reservation/Maximum Rate of Delivery (Megawatts)</b>
1/01/2002 thru 12/31/2002	5
1/01/2003 thru 12/31/2003	8
1/01/2004 thru 12/31/2004	9
1/01/2005 thru 12/31/2005	10
1/01/2006 thru 12/31/2006	15
1/01/2007 thru 12/31/2007	20
1/01/2008 thru 12/31/2008	25

The transmission capacity reservations set forth in this Section may be changed at the beginning of any month upon 1 years' advance written notice from PEC to Southwestern, unless otherwise agreed to by the parties, Provided, That, any increase in transmission capacity shall be subject to availability.

(b) It is expressly understood and agreed that responsibility for delivery of Non-Federal Power and Energy under this Agreement passes to, and is vested in PEC, when such power and energy is delivered to the System of PEC at the point of delivery established near Allen, Oklahoma, pursuant to Section 1 of Article III hereof, and that Southwestern neither has nor assumes any responsibility or obligation under this Agreement for the transmission or displacement of such power and energy from or beyond such point of delivery.

Section 4. Scheduling. (a) On or before the 15th day of each month, PEC shall furnish to Southwestern a written schedule setting forth the quantity of power and energy which will be required for service to the System of PEC for the following month.

(b) On or before the 25th day of each month, Southwestern shall furnish to PEC a written schedule setting forth the hourly quantities of energy, in multiples of 1,000 kilowatthours per hour, which are to be delivered to Southwestern during the following month. It is understood and agreed that the quantities of energy so scheduled by Southwestern each month shall be equal to the estimated quantities required by the System of PEC plus an inadvertent energy adjustment to minimize the amount of inadvertent energy in the inadvertent energy account established pursuant to Section 4(c) of this Article II. Such Southwestern schedules shall, insofar as is practical, follow the load patterns of the System of PEC at such points of delivery and may be changed by Southwestern at any time and from time to time. In the event Southwestern cannot schedule non-Federal power and energy in sufficient amounts to follow PEC's load for any hour pursuant to this Section 4(b) because of the loss of PEC's resource or because there is insufficient available transfer capacity from the resource to the delivery point, PEC shall be subject to a penalty on the difference between what Southwestern was able to schedule and PEC's load during such hour pursuant to the Southwestern rate schedule referenced in Section 5(a) of this Article II.

(c) Southwestern and PEC shall maintain an inadvertent energy account for the purpose of accounting for the differences, if any, between the energy scheduled pursuant to Section 4(b) of this Article II and the sum of the actual non-Federal energy delivered by Southwestern, as metered to PEC at the point of delivery designated in Section 1 of Article III hereof.

Section 5. Compensation for Transmission Service and Losses. (a) PEC shall compensate Southwestern each month for the transmission service furnished by Southwestern under this Article II at the rates and under the terms and conditions set forth in



Southwestern's current rate schedule, attached as Exhibit "2," and by this reference made a part hereof, applicable for firm transmission service.

(b) For the purpose of this Agreement, the maximum rate at which Non-Federal Power and Energy is delivered to the System of PEC hereunder, for any month, shall be equal to the maximum rate in kilowatts that Non-Federal Power and Energy was metered for delivery by Southwestern to PEC during such month at the point of delivery set forth in Section 1 of Article III hereof.

(c) It is understood and agreed that the rates and/or terms and conditions set forth in the said rate schedule may, on confirmation and/or approval by the appropriate authority having responsibility to so confirm and/or approve rate schedules, and whether on an interim basis or as finally confirmed and/or approved, be increased, decreased, modified, or superseded at any time and from time to time, and that if so increased, decreased, modified, or superseded, the rates and terms and conditions shall thereupon become effective and applicable to the transmission service furnished by Southwestern under this Agreement, in accordance with and on the effective date specified in the order of the appropriate authority.

(d) Southwestern shall promptly notify PEC in writing of the redetermination and/or changes and modifications made in the then-effective Southwestern schedule of rates for transmission service.

(e) If the notice furnished by Southwestern to PEC under Section 5(d) of this Article II advises that the rates to be paid by PEC for the transmission service furnished by Southwestern under this Agreement are greater than the then-effective rate for such service, PEC may, by written notice to Southwestern at any time within 90 days following the date of receipt of such notice from Southwestern, terminate this Agreement in its entirety, such termination to become effective as of 11:59 p.m. on December 31 of the Contract Year

following not less than 12 months after the date of receipt by Southwestern of such notice of termination from PEC.

(f) PEC shall compensate Southwestern for real power losses incurred by the System of Southwestern resulting from the transmission of power and associated energy pursuant to this Article II. Such compensation shall be pursuant to the terms and conditions of the Southwestern rate schedule referenced in Section 5(a) of this Article II.

Section 6. Administrative Determination, Termination, Reduction, and Suspension of Transmission Service by Southwestern. (a) It is recognized that the transmission service furnished by Southwestern for PEC under this Article II requires utilization of capacity in the System of Southwestern which has been determined by the Administrator, Southwestern, to be presently in excess of that required by Southwestern to fulfill its responsibility under Section 5 of the Flood Control Act of 1944, subject to the conditions set forth in this Section 6.

(b) It is also recognized that Southwestern may terminate this Agreement in its entirety, or reduce the quantities of power and energy that may be transmitted on PEC's behalf, following 36 months' advance written notice by Southwestern, after a determination by the Administrator, Southwestern, in his sole judgment:

- (i) That capacity in the System of Southwestern is not or will not be available for the purposes of this Article II; and
- (ii) That such capacity will be utilized by Southwestern to fulfill its responsibilities under Section 5 of the Flood Control Act of 1944.

(c) PEC may, at its sole option, terminate service under this Agreement as of the first day of any Contract Year upon not less than 12 months' advance written notice to Southwestern.

(d) It is also recognized that the transmission service furnished by Southwestern to PEC under this Article II is contingent upon the reliability of transmission and related facilities within the System of Southwestern which are required to provide such service to PEC, and that outages of such facilities may occur from time to time as a result of an Uncontrollable Force, or by the operation of devices installed for system protection, or by necessary installation, maintenance, repair, and replacement of the facilities. In the event of such facility outages, Southwestern, at its sole option, may reduce or suspend service under this Article II, if, in Southwestern's sole judgment, such reduction or suspension is necessary to protect Southwestern's ability to deliver Federal power to its customers. Such reductions or suspensions of service, as hereinbefore set forth under this Section 6(d), shall neither constitute a breach of this Agreement nor terminate service under this Agreement, and Southwestern shall not be liable to PEC for damages resulting therefrom. Except in the case of unscheduled outages, Southwestern shall give PEC reasonable advance notice of reductions or suspensions in service necessary for the installation, maintenance, repair, and replacement of facilities required for service under this Article II and shall attempt to schedule such reductions or suspensions in service so as to cause the least inconvenience to PEC.

(e) Southwestern may temporarily reduce the transmission capacity available to PEC under this Agreement if, in Southwestern's sole judgment, such reduction is necessary to protect Southwestern's transmission and related facilities from overload.

(f) Termination, suspension, or reduction of service under this Agreement pursuant to the provisions of Sections 6(b), 6(c), 6(d), or 6(e) of this Article II shall be without penalty to either of the parties hereto, except that the rights of the parties hereto, if any, which accrued prior to the date of such termination, suspension, or reduction shall be and hereby are preserved.

## ARTICLE III

### PEC ALLEN POINT OF DELIVERY

Section 1. Establishment of the PEC Allen Point of Delivery. Southwestern and PEC shall establish, place in operation, and maintain a 138-kV point of electrical interconnection between the System of Southwestern and the System of PEC. Hereinafter, this point of delivery shall be referred to as the "PEC Allen Point of Delivery."

Section 2. Load Control Area. (a) The PEC Allen Point of Delivery as defined in this Agreement is within the load control area of Southwestern.

(b) If PEC desires to change the System of PEC to the load control area of another utility, PEC shall be responsible for any and all costs and expenses incurred by Southwestern to effect such changes; or PEC will discontinue receipt or service pursuant to this Agreement, and this Agreement shall terminate.

Section 3. Southwestern Right-of-Way. (a) PEC shall request a permit for joint use of Government-owned land and shall submit information and drawings as required by Southwestern in preparation of such permit for any facilities which are to be owned by PEC and located on Southwestern's right-of-way.

(b) At Southwestern's request, PEC shall prepare and submit to Southwestern a non-revocable permit or easement for Southwestern to jointly use any and all property owned by PEC at the Allen Interconnection site which may be determined by Southwestern to be necessary for Southwestern to operate and maintain its transmission line between Weleetka, Oklahoma, and the Denison Dam. This permit or easement shall provide to Southwestern the right to add to the Allen Interconnection such additional equipment as may be needed to

monitor or meter quantities associated with power delivery on Southwestern's transmission line between Weleetka, Oklahoma, and the Denison Dam.

(c) PEC shall give Southwestern's Area Manager located at Southwestern's Gore Maintenance facility at Gore, Oklahoma, 15 calendar days' advance notice of any of its activities which involve construction at the Allen Point of Delivery or when PEC plans to cross Southwestern's right-of-way, so that arrangements can be made for Southwestern inspection personnel to be on site to oversee such activities.

(d) PEC covenants and agrees that it will hold and indemnify Southwestern harmless from any and all claims for damages to property or injury to persons, including employees or agents of PEC, incurred in the construction, installation, or maintenance of equipment, materials, and facilities pursuant to this Article III.

Section 4. Rights for Land Use to be Acquired by PEC. Southwestern's transmission system is constructed, operated, and maintained by Southwestern subject to and in accordance with the terms and conditions of certain transmission line right-of-way easements. Rights and privileges granted thereunder to the United States may not be available to PEC for implementation of this Article III. PEC shall, therefore, acquire from the appropriate landowners any and all rights and privileges for land use by good and sufficient legal instruments to authorize and permit entry by PEC and Southwestern upon and across tracts affected by such land use as may be necessary and appropriate for the establishment, operation, and maintenance of the PEC Allen Interconnection, including any right-of-way required between the PEC Allen Interconnection and Southwestern's existing right-of-way.

Section 5. Reimbursable Work. (a) Reimbursement for Southwestern's costs and expenses incurred pursuant to Article IV hereof shall include, but is not limited to, the costs

of necessary tools, materials, equipment, engineering, labor, inspection, travel expenses, personnel per diem allowances, and general, administrative, and overhead expenses for the PEC Allen Interconnection.

(b) In computing such reimbursable costs, no credits shall be granted to PEC for the cost of any improvements made by Southwestern to its facilities which Southwestern determines are required due to the establishment of the PEC Allen Interconnection.

(c) Following completion of Southwestern's obligations pursuant to Article IV hereof, Southwestern shall submit a statement to PEC of the actual costs incurred by Southwestern pursuant to establishing the PEC Allen Interconnection. If the amount provided by PEC pursuant to Article IV hereof is greater than the actual cost, Southwestern shall refund any difference to PEC. During implementation of the work required pursuant to Article IV hereof, Southwestern shall monitor the status of expenditures and obligations. If it is apparent that additional funds are required for completion of the required work, Southwestern shall notify PEC of the need for additional funds. Such additional funds shall be provided to Southwestern prior to continuation of work past a point estimated to be covered by the initial payment. If the additional funds are not made available, all remaining work associated with Article IV hereof shall cease until additional funds are received.

(d) Southwestern agrees to account for the costs incurred under a Work Order accounting procedure and in accordance with the Uniform System of Accounts prescribed for public utilities by FERC, or under procedures established by any successor authority having jurisdiction over the accounts of Southwestern. PEC or its authorized representative shall have the right to examine Southwestern's cost records and accounts to verify statements of reimbursable costs submitted by Southwestern. Southwestern agrees to refund any amounts paid if they are found in such examination to exceed to the total amount due Southwestern for its actual cost for work hereunder. PEC agrees that such examination

of Southwestern's records and accounts is for the sole purpose of verifying that an itemized billing statement sets forth the actual costs as reflected by the work order records and that accounts are maintained in accordance with the accounting procedures prescribed by FERC.

(e) PEC shall not interconnect with Southwestern at the PEC Allen Interconnection until all work, including reimbursable work performed by Southwestern pursuant to Article IV hereof is completed.

Section 6. Payment of Funds. Neither PEC or Southwestern may undertake any work on Allen until funds are received by Southwestern from PEC. On or before November 30, 1998, Southwestern shall submit an invoice to PEC for the amount of \$26,000, which represents an estimate of Southwestern's costs of labor and associated overhead and administrative costs associated with the PEC Allen Interconnection provided for under Article IV hereof; Provided, That, if PEC does not make such payment on or before December 31, 1998, this Agreement shall terminate and be without further force or effect. Such termination shall not result in a penalty to either party.

#### ARTICLE IV

##### INTERCONNECTION AT THE PEC ALLEN POINT OF DELIVERY

Section 1. Participation by PEC. PEC shall be responsible for the entire cost of establishing a 138-kV permanent interconnection at the PEC Allen Point of Delivery including any costs and expenses incurred by Southwestern under Section 2 of this Article IV, as shown in the one-line diagram and site plan, both of which are attached as Exhibit "3," and by this reference made a part hereof.

(b) PEC shall develop all necessary designs, supply and install all equipment, including all spares as set forth in Exhibit "3".

(c) PEC shall give Southwestern a minimum of ten (10) calendar days advance notice of any activities involving Southwestern's right-of-way, transmission line, and equipment.

Section 2. Participation by Southwestern. (a) Southwestern's participation in establishing a permanent interconnection at Allen as shown on Exhibit "3," shall include, but not be limited to, the following:

- (i) Southwestern shall review and approve all design documentation, but not limited to, specifications, drawings, and material lists.
- (ii) Southwestern shall cause inspection personnel to be present to oversee any activities by PEC related to the construction and installation of PEC's transmission line and modifications to Southwestern's transmission line including checkouts.
- (iii) Southwestern shall perform the final equipment checkouts for revenue metering, SCADA, and communication equipment.
- (iv) Southwestern shall perform the required maintenance as set forth in Exhibit "3".
- (v) Southwestern may modify or upgrade its transmission system or any of the elements which support the Southwestern transmission system, including any portion of the PEC Allen Interconnection, if Southwestern determines, in its sole judgment and at its sole option, that the said modification or upgrade is required.

Section 3. Yearly Reimbursable Work. (a) Prior to October 1 of each year, Southwestern shall submit a billing statement to PEC requesting payment for the following year's estimated cost to Southwestern for maintaining the equipment in the switching station.

(b) The said annual billing statement shall be prepared using a schedule of unit maintenance costs developed by Southwestern. These costs are based upon Southwestern



historical costs including overhead and administrative costs. Such standard costs are reviewed annually and revised as necessary. Parts or components shall be provided by PEC at no cost or expense to Southwestern.

(c) Emergency or unscheduled maintenance work performed by Southwestern on PEC's switching station and charges for any replacement components furnished by Southwestern in performing such emergency maintenance shall be billed to PEC immediately upon completion of work. The parties recognize that this Section 3(c) does not obligate Southwestern to replace equipment or equipment components under any conditions.

(d) Southwestern's invoice for expenses incurred by Southwestern under Sections 3(b) and 3(c) shall include, but is not limited to, the costs of necessary tools, material, equipment, labor, travel expenses, personnel per diem allowances, overhead, and administrative and general expenses.

(e) Southwestern agrees to account for the costs under a Work Order accounting procedure and in accordance with the Uniform System of Accounts prescribed for public utilities by FERC, or procedures established by any successor authority having jurisdiction over the accounts of Southwestern.

(f) Following completion of such reimbursable work, a refund will be made to PEC for any overpayment.

(g) If, however, during the performance of reimbursable work under this Section 3, it is apparent that the amount of funds required for completion of such work is greater than PEC's advance payment, Southwestern shall notify PEC of the need for additional funds.

(h) Such additional funds shall be provided to Southwestern prior to Southwestern's continuation of work past the point estimated by Southwestern to be covered by the funds previously advanced to Southwestern for such work.

(i) Southwestern shall not be obligated to perform work not covered by advance funding.

(j) PEC or its authorized representative shall have the right to examine Southwestern's cost records and accounts to verify the statement of reimbursable costs submitted by Southwestern.

(k) Southwestern agrees to refund any amounts paid if found in such examination to exceed the total amount due Southwestern for its actual cost for work hereunder.

(l) PEC agrees that such examination of Southwestern's records and accounts is for the sole purpose of verifying that the itemized billing statement sets forth the actual costs as reflected by the work order records and accounts maintained in accordance with the accounting procedures prescribed by FERC.

(m) Payment terms and conditions applicable to this Section 3 are set forth in Part A of the General Contract Provisions.

(n) PEC covenants and agrees that it will hold Southwestern, its employees, or agents harmless from any claim for damages to property or injury to persons resulting from Southwestern's performance of reimbursable work pursuant to this Agreement.

## ARTICLE V

### POWER FACTOR

(a) PEC is expected to provide all of the reactive volt amperes (vars) required for its system load at the PEC Allen Point of Delivery. The compensation paid by PEC to Southwestern under this Agreement shall be subject to an adjustment for power factor as provided in the applicable rate schedule or schedules.

(b) PEC shall not impose, or permit to be imposed, a reactive power loading on the System of Southwestern which will result in an overload or impairment of such system, or which will interfere with the delivery of power and energy by Southwestern to its customers. If the reactive power loading imposed at the PEC Allen Point of Delivery overloads Southwestern facilities or impairs service by Southwestern to its customers, Southwestern shall have the right to open, or cause PEC to open, such switches as may be necessary to eliminate such overloading or impairment of service.

## ARTICLE VI

### METERING, METER READING, METER TESTING, AND ADJUSTMENTS FOR METER ERRORS

Section 1. Metering. (a) Southwestern shall operate and maintain the metering equipment that is necessary to record on a 60-minute-demand-interval basis the active and reactive power and energy delivered by Southwestern to PEC at the PEC Allen Point of Delivery. Such power and energy delivered at this point of delivery shall be measured at or adjusted to 138 kV.

(b) Power and energy furnished and delivered by PEC into the System of Southwestern for the purposes of this Agreement shall be metered at the points of

interconnection between the System of Southwestern and the transmission and related facilities owned by PEC set forth in Section 2 of Article II hereof.

Section 2. Meter Reading. Each meter and check meter installed or used under this Agreement shall be read by the owner thereof or its authorized representative on or about the first day of each month, and may be simultaneously read by a representative of the other party if the other party so elects.

Section 3. Meter Testing. (a) Metering equipment shall be inspected and tested at least once each year by the party responsible therefor or its authorized representative and at any reasonable time upon request by either party.

(b) Metering equipment found to be defective or inaccurate shall be repaired and readjusted or replaced by the owner.

(c) A meter shall be considered inaccurate if it is found to deviate from an accurate standard meter in excess of 0.5 percent when tested at 100 percent of load or 1 percent when tested at 10 percent of load.

Section 4. Adjustments for Meter Errors. If any inspection or test discloses a meter error exceeding 2 percent, correction based upon the inaccuracy found shall be made of the records of electric service furnished since the beginning of the monthly billing period immediately preceding the billing period during which the test was made, and such correction when made shall constitute full adjustment of any claim between the parties arising out of such inaccuracy of metering equipment.

## ARTICLE VII

### EFFECTIVE DATE, CONTINGENCIES, NOTICES, REPORTS, AND INFORMATION

Section 1. Effective Date and Term of Agreement. This Agreement shall become effective on the date of its execution by the Administrator, Southwestern, or his authorized representative, and shall terminate 10 years after the start of service date determined by Southwestern pursuant to Section 2 of this Article VII, unless sooner terminated as provided herein. All rights of PEC for transmission service in the System of Southwestern are embodied within this Agreement.

Section 2. Start of Service. The delivery of power and energy through the facilities established under this Agreement shall begin on January 1, 1998, or the first day of the first month following the date of which Southwestern determines that the PEC Allen Point of Delivery is completed and ready for operation, whichever date is later. Southwestern shall provide PEC with written notification of such date.

Section 3. Notice. Any written notice, demand, or request required or authorized under this Agreement shall be deemed properly given to or served on Southwestern if mailed to:

Administrator  
Southwestern Power Administration  
One West Third Street, Suite 1400  
Tulsa, OK 74103

Any such notice, demand, or request shall be deemed properly given to or served on PEC if mailed to:

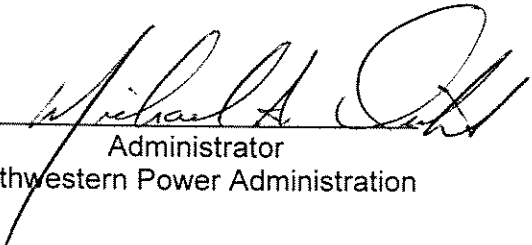
Manager  
People's Electric Cooperative  
P.O. Box 429  
Ada, OK 74820-0429

The designation of the persons to be notified or the address of such persons may be changed at any time by either party by written notice to the other party.

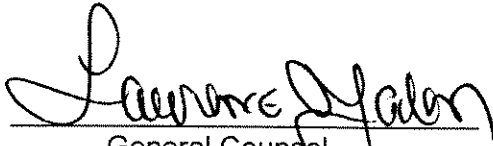
Section 4. Reports and Information. Each party shall furnish to the other such reports and information concerning its operations as the other party may reasonably request from time to time.

IN WITNESS WHEREOF, the parties have jointly executed this Agreement in several counterparts as of the day and year first above written, each of which shall constitute an original.

UNITED STATES OF AMERICA

By   
Administrator  
Southwestern Power Administration

Approved as to Legal  
Form and Sufficiency

  
General Counsel  
Southwestern Power Administration

COPY

PEOPLE'S ELECTRIC COOPERATIVE

By R. J. Ethridge  
Title Executive Vice President

ATTEST:

I, John W. Hudson, certify that I am the Assistant Secretary of PEOPLE'S ELECTRIC COOPERATIVE and that R. J. Ethridge, who signed this Agreement was then the Executive Vice President of the said Cooperative, and the said Agreement was duly signed for and on behalf of the said Cooperative, by authority of its governing body, which has within the scope of its powers the authority to legally bind said Cooperative under the foregoing Agreement.

(SEAL)

By John W. Hudson

COPY

Southwestern Power Administration  
GENERAL CONTRACT PROVISIONS  
 Non Power Sales Contract

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Southwestern Power Administration  
GENERAL CONTRACT PROVISIONS  
NON POWER SALES CONTRACT

**A. ACCOUNTING, BILLING, PAYMENT, AND LATE PAYMENT CHARGES**

1. Billing by Southwestern. Southwestern shall maintain an accurate record of the power, energy, and any other services purchased by the Customer under this Contract and shall prepare and submit to the Customer an invoice setting forth in necessary detail such quantities as were purchased by the Customer during the preceding billing period and the amount of compensation due Southwestern. Such quantities may be based on estimates if actual quantities are not available. Adjustments that become necessary because of a difference between estimated and actual invoiced quantities will be made on the invoice for the succeeding month.

2. Payment Terms. Invoices shall be due and payable by the Customer on or before the close of business on the twentieth (20th) calendar day after the date of issuance of the invoice, or on the next business day thereafter if said due date is a Saturday, Sunday, or official Federal holiday as observed by Southwestern (for customers remitting payments by mail) or by the Federal Reserve offices (for customers remitting payment by direct wire transfer through the Federal Deposit System (FDS)). Payment of amounts due Southwestern may be made through the FDS or mailed to:

Southwestern Power Administration  
P.O. Box 845994  
Dallas, Texas 75284-5994

The designation of the address where payment is to be submitted may be changed by Southwestern upon 30-days' written notice to the Customer of such change. Invoices shall be considered paid when payment is received into Southwestern's designated depository account or credited to Southwestern's depository account in the U.S. Treasury by the end of the business day; Provided, That payments received by mail will be accepted as being timely and without assessment of late charges if a first-class-mail postmark indicates that the payment was mailed at least two (2) calendar days before the due date; and Provided Further, That payments through the FDS will be accepted as being timely and without assessment of late charges if credited to Southwestern's depository account in the U.S. Treasury on or before the third (3rd) day after the due date or on the next business day thereafter if said third day is a Saturday, Sunday, or official Federal holiday as observed by the Federal Reserve office(s) responsible for receipt of payment made through the FDS.

3. Net Billing. Whenever the parties agree, payments due Southwestern by the Customer may be offset against payments due the Customer by Southwestern for the sale or exchange of electric power, energy, and other services. For services included in net billing procedures, payments due one party in any month shall be offset against payments due the other party in such month, and the resulting net balance shall be paid to the party in whose favor such balance exists. The parties shall exchange such reports and information that either party requires for billing purposes. Net billing shall not be used for any amounts which are in dispute.

4. Propriety of Rates. Southwestern shall bill the Customer for the power, energy, and other services purchased at the rates placed in effect pursuant to statute. The Customer hereby agrees to promptly pay Southwestern under such rate schedules, whether or not the Customer agrees with the propriety or the levels of the rates placed into effect. In the event Congress amends the manner in which Southwestern calculates or charges for its power sales, the Customer hereby agrees to promptly pay in such an amended manner, subject to its right to terminate.

5. Late Payment Charge. Southwestern shall assess a late payment charge to the Customer if it is delinquent in making payment to Southwestern. Such charge shall be based on an annual rate of interest calculated periodically and published in the Federal Register by the Department of Treasury. For any amount invoiced by Southwestern that is not paid by the Customer on or before the due date, a late payment charge shall be assessed equal to 1/12 of the aforementioned rate times the principal amount past due.

6. Late Payment Interest Charge. In addition to the late payment charge provided for in Section 5 of this Provision A, an interest charge equal to the aforementioned annual interest rate, recalculated on a daily basis, times the principal amount past due, shall be assessed for each day after the due date until the amount past due is paid in full.

7. Late Payment Penalty Charge. Southwestern shall assess a penalty charge of 6 percent a year on any outstanding principal portion of a debt owed by the Customer to Southwestern that is more than 90 days past due. This charge shall accrue from the date that the debt becomes past due and shall be in addition to the late payment charge and late payment interest charge as prescribed in Sections 5 and 6 of this Provision A.

8. Late Payment Administrative Charge. Southwestern shall assess charges to cover administrative costs incurred as a result of a collection action against the Customer. Such charge shall be for the additional costs incurred in processing and handling the debt collection. Calculation of administrative costs shall be based upon actual costs incurred by Southwestern in processing and handling claims against other debtors in similar stages of delinquency.

9. Partial Payment. In the event a bill is not paid in full, amounts received by Southwestern shall be applied first to outstanding late payment penalty and administrative charges, second to outstanding interest charges for late payments assessed on the principal, and then to payment of the principal, unless a different rule is prescribed by statute or Federal Regulation.

10. Discontinuance of Service. If the Customer fails to pay any amount due under this Contract, Southwestern may, at its option, cause the delivery of power, energy, and other services under this Contract to be discontinued upon 90 days' prior written notice to the Customer, unless payment of the amount due is made by the Customer within such 90-day period. Such discontinuance of the delivery of power, energy, and other services, as herein provided, shall not relieve the Customer of liability for any minimum Southwestern rate schedule charges during the period of such discontinuance, and the rights

granted Southwestern herein shall be in addition to all other remedies available to Southwestern, either by law or in equity, for the breach of any of the provisions of this Contract.

**B. FACILITIES AND CONDITIONS OF SERVICE**

1. Facilities to be Furnished by Southwestern and the Customer. Southwestern and the Customer shall furnish, install, maintain, and operate, or cause to be furnished, installed, maintained, and operated, such facilities and equipment, including metering equipment, as may be necessary to fulfill their respective obligations under this Contract and to assure reasonable protection to the facilities of others.

2. Reliability, Safety, Health, and Environmental Requirements in Regard to Construction, Operation, and Maintenance on U.S. Government Property. (a) The provisions of this Section 2 shall apply only if the Customer, its agents or contractors, or its member entities perform maintenance, operations, or construction on the property of the U.S. Government (Government), or on easements shared by the Government and the Customer.

(b) Such construction, maintenance, and operation shall be performed in accordance with standards at least equal to those provided by the National Electrical Safety Code and shall conform to safety, environmental, and security procedures identified by Southwestern as appropriate to each facility in which such work is performed. Southwestern provides such written procedures in each of the facilities it maintains and to affected customers.

(c) The Customer and/or its member entities shall take all reasonable precautions in the performance of such work to protect the public and the environment. The Customer and/or its member entities shall comply with all applicable local, state, and Federal regulations and requirements in the performance of such work, including, but not limited to, the National Environmental Policy Act, the Clean Air Act; the Clean Water Act; the Comprehensive Environmental Responsibility, Compensation, and Liability Act; the Toxic Substances Control Act; the Resource Conservation and Recovery Act; the Superfund Amendments and Reauthorization Act (SARA); SARA Title III (Emergency Planning and Community Right-to-Know Act of 1986); and the Occupational Safety and Health Act.

(d) In the event that Southwestern, at its sole option and in its sole judgment, determines that construction, maintenance, or operation of facilities which are performed under this Contract by the Customer, and/or one of its member entities, does not meet the standards and/or regulations and requirements specified in this Section 2, or determines that a condition exists which, in Southwestern's sole judgment, provides a potentially adverse impact (1) on the reliability of services provided by Southwestern to its customers, (2) on the safety and/or health of the public or employees and agents of the parties hereto, and/or (3) on the environment, then Southwestern may provide written notice to the Customer and/or its member entity of the deficient condition; Provided, That, if such condition, in Southwestern's sole judgment and at Southwestern's sole option, requires immediate attention and does not allow time for such notice, Southwestern will remedy the condition and, where appropriate, bill the Customer in accordance with Section 10(b) of this Provision B.

(e) Where, in Southwestern's sole judgment, remedy of the said deficient condition is not time critical, the Customer and/or its member entity shall provide a written plan and schedule to Southwestern within 30 days of receipt of the said written notice. Such plan and schedule shall provide

for correction of the said deficiency at the earliest possible time available to the Customer and/or its member entity; Provided, That, the maximum time allowed for the Customer and/or its member entity to correct any such deficiency shall not exceed 18 months from receipt of the said written notice. The Customer shall coordinate or, if applicable, cause its member entity to coordinate, any work and outages which may involve Southwestern's facilities with Southwestern's Dispatch Center (Dispatch Center) in Springfield, Missouri.

(f) Unless otherwise agreed in writing, correction of deficiencies pursuant to this Section 2 shall be at the expense of the Customer.

(g) If the Customer and/or its member entity fails to correct the deficiency within the time provided pursuant to this Section 2, Southwestern shall have the right, at its sole option and in its sole discretion, to terminate service through the affected facilities until such deficiencies are corrected to the satisfaction of Southwestern.

(h) If, within the time period provided pursuant to this Section 2, an emergency condition occurs which, in the sole judgment of Southwestern, may cause an adverse impact on the reliability of the System of Southwestern and/or on the environment, or which poses a hazard to the safety and/or health of the public or employees and agents of the parties hereto, then Southwestern may, at its sole option, remedy or repair such condition or equipment and bill the Customer in accordance with Section 10(b) of this Provision B, and the Customer agrees to render Southwestern reimbursement as provided in the said Section 10(b).

3. Right of Installation and Access. (a) Each party hereto grants to the other permission, or will obtain such permission for the other party, to install, maintain, and operate, or cause to be installed, maintained, and operated, on the System of Southwestern and on the System of the Customer at the points of delivery between the System of Southwestern and the System of the Customer described in this Contract, any and all terminal equipment and associated electrical apparatus and devices necessary in the performance of this Contract.

(b) Each party hereto shall permit, or shall obtain permission for, duly authorized representatives and employees of the other party to enter upon the System of Southwestern and the System of the Customer at the said points of delivery for the purpose of reading or checking meters; for inspecting, testing, repairing, renewing, or exchanging any or all of the equipment owned by the other party located on such premises; or for the purpose of performing any other work necessary in the performance of this Contract.

(c) Access for any work performed by one party under this Section 3 which may affect the other party's equipment shall normally be preceded by at least one day's notice to the affected party, except in the event of an emergency, in which case such notice shall be made as soon as possible after such emergency occurrence. Notice to Southwestern pursuant to this Section 3 shall be made to the Dispatch Center.

(d) Any access to property controlled by Southwestern shall include notification to Southwestern at the time of entry. Any employee or agent of the Customer, or of its member entities, who enters a Southwestern facility is expected to call the Dispatch Center from a telephone located in the control building in that facility and to identify himself or herself. Security devices located in the

control buildings at Southwestern facilities sound an alarm in the Dispatch Center when the building is entered. Local law enforcement officers may be asked to investigate any unidentified entry.

(e) Any equipment, apparatus, or devices installed on the System of Southwestern by the Customer, as provided under this Section 3, shall be clearly and permanently marked to indicate ownership, and, in addition, a detailed description of each item so installed (including, if applicable, manufacturer's name, serial number, model number, etc.) shall be transmitted to Southwestern to aid in maintenance of plant accounts.

(f) In the event the equipment, apparatus, or devices are not marked in accordance with Section 3(e) of this Provision B, ownership of said equipment, apparatus, or devices shall be presumed to be vested in Southwestern.

(g) The Customer agrees that, if requested by Southwestern, the description required under Section 3(e) of this Provision B shall include a detailed analysis of all dielectrical oil, including, but not limited to, tests for polychlorinated biphenyls (PCBs). If such analysis indicates the presence of a known hazardous substance, which, in Southwestern's sole judgment, presents a significant hazard to the environment or to the health and safety of employees of the parties hereto, Southwestern may require, at its sole option, by written request, removal of any equipment containing such substance, and the Customer agrees to comply with such request for removal at no cost to Southwestern.

4. Rights for Land Use Acquired by the Customer. The System of Southwestern is constructed, operated, and maintained by Southwestern subject to and in accordance with the terms and conditions of certain transmission line right-of-way easements. Rights and privileges granted thereunder to the Government may not be available to the Customer for operations connected with performance of this Contract. The Customer is therefore responsible for acquiring, or causing to be acquired, from the appropriate landowners any and all rights and privileges for land use by good and sufficient legal instruments to authorize and permit entry by the Customer upon and across tracts affected by such land use as may be necessary and appropriate for performance of this Contract.

5. Right of Removal. Any and all equipment, apparatus, or devices placed or installed or caused to be placed or installed by the parties hereto on or in the System of Southwestern or the System of the Customer shall be and shall remain the property of the party owning and installing such equipment, apparatus, devices, or facilities, regardless of the mode or manner of annexation or attachment to real property, and, upon the termination of this Contract, the owner thereof shall have the right to enter upon the premises or system of the other and shall, within a reasonable time, remove such equipment, apparatus, devices, or facilities, subject to the provisions of Section 3 of this Provision B.

6. Right to Upgrade Facilities. (a) Southwestern reserves the right to modify or upgrade its transmission system and any of the elements which support the Southwestern transmission system, including, but not limited to, changes in: (1) Southwestern's transmission voltages, (2) Southwestern's transmission system components, (3) Southwestern's communications system, (4) Southwestern's Supervisory Control and Data Acquisition (SCADA) System, and (5) other modifications necessary to comply with the standards and/or regulations and requirements mentioned in Section 2 of this Provision B.

(b) If, during the term of this Contract, Southwestern determines, in its sole judgment and at its sole option, that modifications or upgrades to its transmission system and associated facilities are required, then, in that event, the Customer shall be responsible for any and all costs and expenses incurred by the Customer in order to continue to receive services provided under this Contract.

(c) If the Customer elects not to make changes in its facilities which, in Southwestern's judgement, are required for the Customer to continue to receive reliable service from Southwestern's modified or upgraded facilities, then the Customer will discontinue receipt of the services provided under this Contract which are dependent on such modified or upgraded facilities, and the provisions of this Contract which describe such services shall be terminated or, at Southwestern's sole option, suspended, until the Customer completes the changes in its facilities which Southwestern, in its sole judgment, deems necessary for reliable service to the Customer under the aforesaid provisions.

(d) Southwestern shall notify the Customer of the specific sections or articles of the Contract which are to be terminated or suspended pursuant to Section 6(c) of this Provision B.

(e) The provisions of this Contract which are not specifically terminated or suspended pursuant to Section 6(d) of this Provision B shall not in any way be affected and shall remain in full force and effect except insofar as the services provided pursuant to the terminated or suspended provisions which are reflected in other provisions of this Contract will also be terminated or suspended.

(f) Termination or suspension of specific provisions of this Contract pursuant to Section 6(c) of this Provision B shall be without penalty to either of the parties hereto, except that the rights of the parties hereto, if any, which accrued prior to the date of such termination or suspension shall be and hereby are preserved.

7. Limitation on Rights of Entry. Southwestern reserves the right, upon notice to the Customer, to revoke or cancel the rights of entry granted under this Contract with regard to any particular representative of the Customer, if, in the sole judgment of Southwestern, such revocation or cancellation is required in the interest of national security.

8. Reliability and Adequacy of Service. Electric service rendered by Southwestern under this Contract shall meet accepted standards of reliability and adequacy. If questions are raised concerning the quality of service, factual data shall be obtained with respect to the character of such service, and appropriate corrective or remedial action shall be promptly taken by the party at fault.

9. Continuity of Service. (a) Services provided by Southwestern to the Customer under this Contract shall be delivered by Southwestern as scheduled, except for interruptions or curtailments in delivery caused by an Uncontrollable Force, by the operation of devices or dispatcher action for system protection, or by the necessary installation, maintenance, repair, and replacement of equipment.

(b) Such interruptions or reductions in service, as hereinbefore set forth, shall not constitute a breach of this Contract, and neither party shall be liable to the other for damages resulting therefrom.

(c) Except in case of an emergency, Southwestern shall give the Customer reasonable advance notice of temporary interruptions or curtailments in service necessary for such installation, maintenance, repair, and replacement of equipment, and shall, insofar as is practicable, schedule such interruptions or curtailments so as to cause the least inconvenience to the Customer.

10. Assistance by Contracting Parties. If assistance in maintenance and utilization of their respective systems is rendered by Southwestern and/or the Customer, the following terms and conditions shall apply:

(a) If, in the maintenance or utilization of their respective transmission systems and related facilities for the purpose of this Contract, it becomes necessary by reason of any emergency or extraordinary condition for Southwestern or the Customer to request the other to furnish personnel, materials, tools, and equipment for the maintenance or modification of, or other work on, such transmission systems and related facilities to insure continuity of power and energy deliveries, the party requested shall cooperate with the other and render such assistance as the party requested may determine to be available.

(b) The party making such request, upon receipt of properly itemized bills, shall reimburse the party rendering such assistance, including overhead and administrative and general expenses. The Customer and Southwestern agree to account for any incurred costs under a Work Order accounting procedure and in accordance with the Uniform System of Accounts prescribed for public utilities by the Federal Energy Regulatory Commission. Billing statements rendered by the Customer and Southwestern for such reimbursement shall be due 20 days from the date thereof.

(c) No laborer or mechanic in the employ of the Customer, or its agents and contractors, for any of the work contemplated by this Section 10 shall be required or permitted to work in excess of 40 hours in any workweek except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this Section 10.

(d) The wages of each laborer or mechanic employed by the Customer, or its agents and contractors, in the performance of any of the work contemplated by this Section 10 shall be computed on the basis of a standard workweek of 40 hours, and work performed in excess of such standard workweek may be permitted only upon the condition that each laborer or mechanic receives compensation at a rate not less than 1.5 times that worker's basic rate of pay for all hours worked in excess of 40 hours in any such workweek.

(e) For each violation of this Section 10, the Customer, or its agents and contractors, will be liable to the employee for his unpaid wages and, in addition, a penalty shall be imposed upon the Customer in the amount of ten dollars (\$10) for each laborer or mechanic for each calendar day in which such laborer or mechanic is required or permitted to work in excess of the standard workweek of 40 hours upon said work without receiving compensation computed in accordance with this Section 10, and all penalties thus imposed shall be withheld for the use and benefit of the Government; Provided, That this Section 10 is subject to the provisions of the Contract Work Hours and Safety Standards Act of 1962 (Public Law 87-581, 76 Stat. 357-360), as amended; Provided Further, That if, from time to time, there is a conflict or inconsistency between the terms and conditions hereinbefore set forth and the provisions of any contract between the Customer and a labor union, the provisions of the labor union contract shall prevail if determined to be in compliance with then-applicable statutes and regulations issued thereunder.

C. STANDARD PROVISIONS

1. Officials Not to Benefit. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this Contract or to any benefit that may arise therefrom, but this restriction shall not be construed to extend to this Contract if made with a corporation or company for its general benefit.

2. Covenant Against Contingent Fees. The Customer warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the Customer for the purpose of securing business. For breach or violation of this warranty, the United States shall have the right to annul this Contract without liability, or, at its discretion, to add to the Contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

3. Convict Labor. In connection with the performance of work under this Contract, the Customer agrees not to employ any person undergoing sentence of imprisonment except as provided by Public Law 89-176, September 10, 1965 (18 U.S.C. 4062 (c)(2)), and Executive Order 11755, December 29, 1973.

4. Equal Employment Opportunity. During the performance of this Contract, the Customer agrees to abide by and to fulfill the nondiscrimination requirements of the "equal opportunity clause" contained in Section 202 of Executive Order 11246 dated September 24, 1965 (30 FR 12319), any Executive Order amending such order, and any other Executive Order superseding such order.

5. Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era. During the performance of this Contract, the Customer agrees to comply with Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974, Public Law 93-508 as it amends Public Law 92-540, to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era, and to fulfill the requirements of the "affirmative action clause." 38 USCA Sections 2011 and 2012 (1979); 41 CFR 60-250 et seq.

6. Affirmative Action for Handicapped Workers. During the performance of this Contract, the Customer agrees to comply with Section 503 of the Rehabilitation Act of 1973, Public Law 93-516, to take affirmative action to employ and advance in employment qualified handicapped individuals, and to otherwise fulfill the requirements of the "affirmative action clause." 29 USCA Section 793 (1979); 41 CFR 60-741 et seq.

7. Availability of Funds to Southwestern. (a) This Contract and all rights and obligations hereunder, and the expenditure of funds by Southwestern under the provisions hereof, are expressly conditioned and contingent upon Congress making available (through direct appropriation, authorization of a revolving fund, the authority to borrow funds, or through such other means as it may



provide) the necessary funds to enable Southwestern to carry out the provisions of this Contract, and if such funds are not available, this Contract shall terminate and have no further force or effect as of the last day for which funds were available, and the Customer hereby releases Southwestern from any and all liability for failure to perform and fulfill its obligations under this Contract for that reason.

(b) No obligation contained herein for the future payment of money by Southwestern, or liability on the part of Southwestern for breach of any of the provisions contained herein, shall be binding upon or enforceable against Southwestern unless and until funds, as provided in Section 7(a) of this Provision C, are available out of which such obligations or liability can be legally paid.

(c) Nothing in this Contract may be considered as implying that Congress will, at a later date, appropriate funds sufficient to meet any deficiencies or obligations incurred under this Contract.

8. Termination for Breach. If either party hereto breaches a material provision of this Contract, the other party, at its option, may terminate this Contract upon 30 days' prior written notice of its intention to do so, and this Contract ipso facto shall terminate at the end of such 30-day period unless such violation is corrected within that period. Neither party hereto, however, shall be considered to be in default or breach with respect to any obligation under this Contract if prevented from fulfilling such obligation by reason of an Uncontrollable Force.

9. Waivers. Waiver at any time of rights with respect to a default or any other matter arising in connection with this Contract shall not be deemed to be a waiver with respect to any subsequent default or matter.

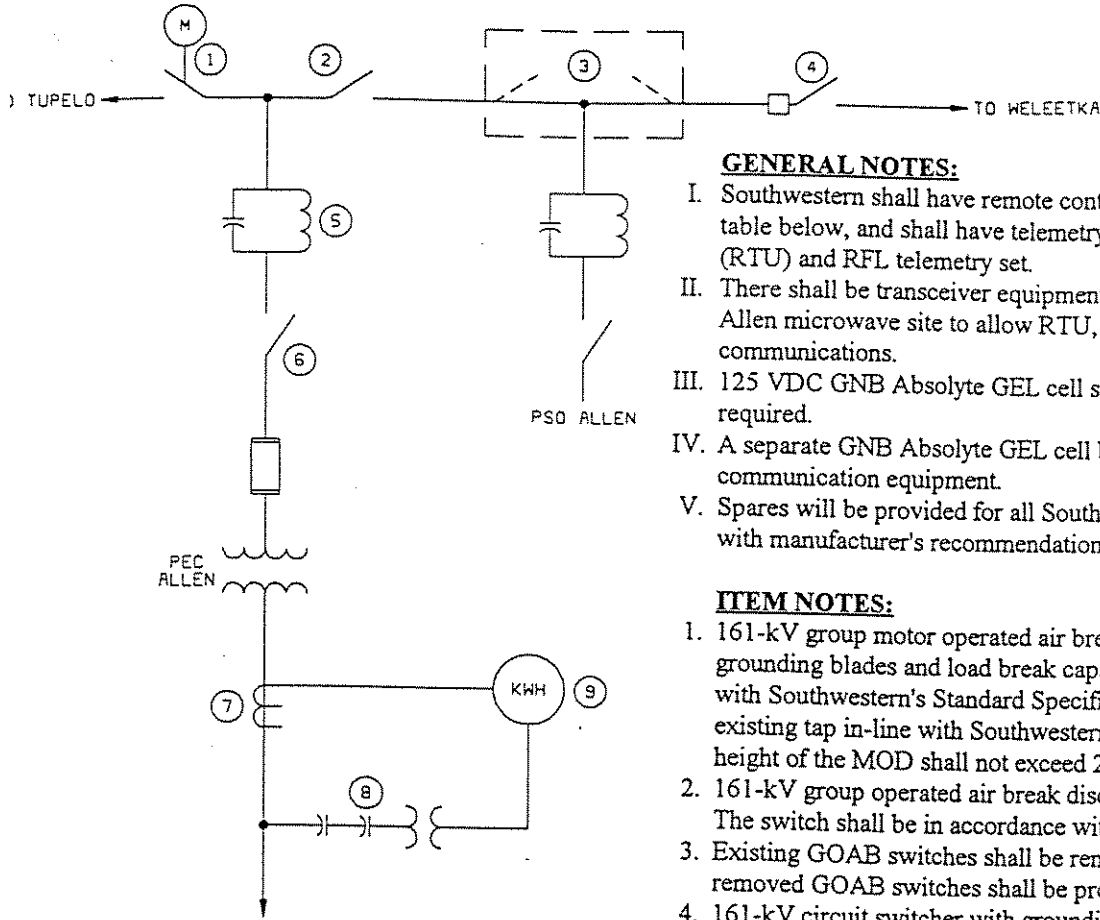
10. Transfer of Interest by Customer. No voluntary transfer of this Contract or of the rights of the Customer hereunder shall be made without the written approval of the Administrator, Southwestern; Provided, That any successor to or assignee of the rights of the Customer, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, shall be subject to all the provisions and conditions of this Contract to the same extent as though such successor or assignee were the original contractor hereunder; Provided Further, That the execution of a mortgage or trust deed, or judicial or foreclosure sale made thereunder, shall not be deemed voluntary transfers within the meaning of this Section 10.

Exhibit "2"

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PEOPLE'S ELECTRIC COOPERATIVE (PEC)  
ALLEN TAP

EXHIBIT "3"



**GENERAL NOTES:**

- I. Southwestern shall have remote control and status of equipment, as shown in table below, and shall have telemetry via a GE-Harris D20 remote terminal unit (RTU) and RFL telemetry set.
- II. There shall be transceiver equipment at People's Allen tap and Southwestern's Allen microwave site to allow RTU, meter, telemetry and voice communications.
- III. 125 VDC GNB Absolyte GEL cell station battery supply with charger is required.
- IV. A separate GNB Absolyte GEL cell battery supply with charger is required for communication equipment.
- V. Spares will be provided for all Southwestern owned equipment in accordance with manufacturer's recommendations.

**ITEM NOTES:**

1. 161-kV group motor operated air break disconnect switch (MOD) with grounding blades and load break capability. The MOD shall be in accordance with Southwestern's Standard Specifications. MOD to be installed south of existing tap in-line with Southwestern's 138-kV transmission line. The installed height of the MOD shall not exceed 25 feet.
2. 161-kV group operated air break disconnect switch with load break capability. The switch shall be in accordance with Southwestern's Standard Specifications.
3. Existing GOAB switches shall be removed and PSO tap reconnected. The removed GOAB switches shall be provided to Southwestern for disposal.
4. 161-kV circuit switcher with grounding blades and capable of closing on load. The circuit switcher shall be in accordance with Southwestern's Standard Specifications. The circuit switcher to be installed north of existing tap in-line with Southwestern's 138-kV transmission line. The installed height of the circuit switcher shall not exceed 25 feet.
5. Wave trap is required to block carrier signal.
6. 161-kV group operated air break disconnect switch with load break capability. The switch shall be in accordance with Southwestern's Standard Specifications.
7. Current Transformer shall be three-phase and have an accuracy class of .3
8. Potential device shall be three-phase and have an accuracy class of .3.
9. Three-phase Transdata revenue meter.

**RESPONSIBILITY TABLE**

Item	Design	Purchase	Installation	Ownership	Operate	Maintenance	Replacements	Southwestern Remote Control	Southwestern Remote Status
1	People's	People's	People's	Southwestern	Southwestern	Southwestern	Southwestern	Y	Y
2	People's	People's	People's	Southwestern	Southwestern	Southwestern	Southwestern	NO	Y
3	People's	NA	People's	NA	NA	NA	NA	NA	NA
4	People's	People's	People's	Southwestern	Southwestern	Southwestern	Southwestern	Y	Y
5	People's	People's	People's	People's	NA	Southwestern*	People's	NA	NA
6	People's	People's	People's	People's	People's	People's	People's	NO	Y
7	People's	People's	People's	People's	People's	People's	People's	NA	NA
8	People's	People's	People's	People's	People's	People's	People's	NA	NA
9	People's	People's	People's	Southwestern	Southwestern	Southwestern	Southwestern	NA	NA
I	People's	People's	People's	Southwestern	Southwestern	Southwestern	Southwestern	Y	Y
II	People's	People's	People's	Southwestern	Southwestern	Southwestern	Southwestern	NO	Y
III	People's	People's	People's	People's	NA	Southwestern*	People's	NA	Y
IV	People's	People's	People's	People's	NA	Southwestern*	People's	NA	Y
V	People's	People's	NA	Southwestern	NA	NA	NA	NA	NA

\* Maintenance with reimbursement to Southwestern