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March 17, 2008

The Honorable Kimberly Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Entergy Services, Inc., Order No. 890-A Compliance Filing, Docket No. OA08- -000

Dear Secretary Bose:

Pursuant to Section 206 of the Federal Power Act ("FPA"), Part 35 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations, and the procedures established in the Commission's December 28, 2007 Order in Docket Nos. RM05-17-000, *et al.* and RM05-25-000, *et al.*, *Preventing Undue Discrimination and Preference in Transmission Service*,¹ Entergy Services, Inc. ("ESI"), on behalf of the Entergy Operating Companies,² hereby submits this compliance filing incorporating Order No. 890-A's non-rate terms and conditions into ESI's Third Revised Volume No. 3 Open Access Transmission Tariff ("OATT"). Order No. 890-A directed all transmission providers that have not been approved as an Independent System Operator ("ISO") or a Regional Transmission Organization ("RTO"), and whose facilities are not in the footprint of an RTO or ISO, to submit a compliance filing that contains the revised non-rate terms and conditions of the *pro forma* OATT within 60 days of Order No. 890-A's publication in the *Federal Register* – to wit, March 17, 2008 ("March 17 Compliance Filing"). Consistent with Paragraph 139 of Order No. 890 and the Commission's Order granting extension of compliance action dates,³ ESI requests that this compliance filing be accepted for filing effective July 13, 2007.

¹ *Preventing Undue Discrimination and Preference in Transmission Service*, 73 Fed. Reg. 2,984 (Jan. 16, 2008), 121 FERC ¶ 61,297 at P 38 (2007) ("Order No. 890-A"), *reh'g order of* 72 Fed. Reg. 12,266 (Mar. 15, 2007), 118 FERC ¶ 61,119 (2007) ("Order No. 890").

² The Entergy Operating Companies are Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc. and Entergy Texas, Inc.

³ Order No. 890 at P 139; *Preventing Undue Discrimination and Preference in Transmission Service*, 119 FERC ¶ 61,037 at P 25 n.14 (2007) ("Extension Order").

I. BACKGROUND

On February 16, 2007, in Docket Nos. RM05-17-000 and RM05-25-000, FERC issued Order No. 890, which revises the *pro forma* OATT originally established in Order No. 888. In relevant part to this filing, Order No. 890 established a bifurcated compliance filing process for all transmission providers that have not been approved as RTOs or ISOs, and whose transmission facilities are not under the control of an ISO or RTO. In the first part of this process, non-ISO/RTO transmission providers had the option of re-justifying previously-approved variations from Order No. 888's *pro forma* OATT to the extent that such variations were substantially affected by Order No. 890, within 30 days of Order No. 890's publication in the *Federal Register*.

ESI timely submitted its 30-Day Compliance Filing on April 16, 2007 in Docket No. OA07-17-000, and explained why certain provisions of its then-current OATT affected by Order No. 890 were consistent with or superior to the applicable revised sections of the *pro forma* tariff. In relevant part to this filing, ESI sought to retain its then-current Schedule 4 and standard Generator Imbalance Agreement ("GIA") as approved by the Commission in Docket Nos. ER01-2214-000, *et al.* and ER01-2201-000, *et al.*, respectively.

On July 13, 2007, the Commission acted on ESI's 30-Day Compliance Filing.⁴ While the Commission directed ESI to adopt Order No. 890's *pro forma* energy imbalance provision as included in Schedule 4 of the *pro forma* OATT, the Commission found that ESI's standard GIA is consistent with or superior to the *pro forma* Schedule 9.⁵ On August 13, 2007, ESI submitted a compliance filing adopting Order No. 890's *pro forma* Schedule 4. The Commission accepted this filing via a letter order on December 13, 2007.⁶

In the second step of Order No. 890's compliance procedures, non-ISO/RTO transmission providers were required to submit a separate filing by July 13, 2007 adopting the revised OATT's non-price terms and conditions ("July 13 Compliance Filing"). ESI timely submitted its July 13 Compliance Filing, which is still pending at the Commission.⁷

On December 28, 2007, the Commissions issued Order No. 890-A, in which it further revised the *pro forma* OATT's non-rate terms and conditions. Non-independent transmission providers are required to submit a second Section 206 compliance filing incorporating Order No.

⁴ *Entergy Servs., Inc.*, 120 FERC ¶ 61,042 (2007).

⁵ *See id.* at P 54, 60 and 66.

⁶ *Entergy Servs., Inc.*, Letter Order, Docket No. OA07-17-000 (issued Dec. 13, 2007).

⁷ ESI notes that on August 20, 2007, ESI submitted a motion requesting the re-docketing of several notices of termination and tariff sheets originally included in ESI's July 13 Compliance Filing. Pursuant to footnote 106 (found in Paragraph 135) of Order No. 890, ESI had re-filed a revised and reformatted version of its entire OATT and had therefore sought termination of several tariff sheets that were no longer necessary based on ESI's decision to reform its entire OATT. ESI had also included several other tariff sheets reflecting miscellaneous revisions to ESI's OATT. The Commission subsequently assigned these notices of termination and tariff sheets to Docket No. ER07-1296-000 on September 5, 2007. The notices of termination and tariff sheets were accepted for filing by the Commission on October 11, 2007, to be effective July 13, 2007. *Entergy Servs., Inc.*, Letter Order, Docket No. ER07-1296-000 (Oct. 11, 2007).

890-A's non-rate terms and conditions into their OATTs by March 17, 2008.⁸

II. THE INSTANT FILING

This filing represents ESI's March 17 Compliance Filing. Accordingly, ESI has revised its OATT to incorporate Order No. 890-A's clarifications and non-rate terms and conditions, except those concerning Order No. 890's *pro forma* Schedule 9 because of the Commission's finding that ESI's GIA is consistent with or superior to the *pro forma* Schedule 9.⁹ To the extent ESI has adopted the *pro forma* tariff language, ESI does not discuss such changes in this transmittal letter.¹⁰ Moreover, where necessary, ESI has also provided certain statements or clarifications required by Order No. 890-A.

A. Narrative Explanation of Rationale for Changes in AFC Based On Inputs That Cause ATC or TTC To Change By More Than Ten Percent

In Order No. 890-A, the Commission affirmed Order No. 890's directive for transmission providers to post a brief, but specific, narrative explanation of the reason for a change in monthly or yearly Available Transfer Capability ("ATC") values on a constrained transmission path resulting from a change in Total Transfer Capability ("TTC") of 10 percent or more.¹¹ Order No. 890-A also re-affirmed its prior determination that this posting requirement applies equally to transmission providers, such as the Entergy Operating Companies, which use an Available Flowgate Capability ("AFC") methodology to evaluate transmission service requests.¹² Order No. 890-A explained, however, that such transmission providers may comply with the TTC posting requirement by posting "narrative explanations of the reasons for changes in AFC values as a result of changes in AFC inputs that cause ATC or TTC to change by 10 percent or more."¹³ Accordingly, the Commission directed transmission providers that use AFC methodologies to include a statement in their March 17 Compliance Filings "describing how the narrative is derived for ATC/TTC postings or, if such information was provided in a prior compliance filing, a reference to that filing."¹⁴

Pursuant to Order No. 890, ESI initiated a new posting process to: (1) identify changes that occur to monthly¹⁵ ATC as a result of a 10 percent change in TTC; and (2) describe the

⁸ Order No. 890-A at P 38.

⁹ See *Entergy Servs., Inc.*, 120 FERC ¶ 61,042 at P 54, 60 and 66 (2007).

¹⁰ ESI notes that Order No. 890-A added new language to Section 3 of the *pro forma* OATT discussing transmission providers' generator imbalance obligations. For consistency, ESI has added a cross-reference to Attachment P of the ESI OATT, which is ESI's GIA, in this new language. See Attachment 2, Redline Substitute Original Sheet No. 27; see Order No. 890-A at P 288-290 for a discussion of the changes to the *pro forma* GIA.

¹¹ See *id.* at P 123.

¹² See *id.* at P 123.

¹³ See *id.* at P 127.

¹⁴ *Id.*

¹⁵ ESI notes that it does not calculate yearly ATC or AFC values under its Attachment C.

event that gave rise to the change. ESI has determined that a 10 percent (or greater) change in “Total Flowgate Capability” (“TFC”), as defined in Attachment C to the ESI OATT, should be used to trigger a posting, in lieu of a 10 percent or greater change in TTC. Accordingly, Entergy calculates the percentage change for all required TFC changes and, if the change is greater than or equal to 10 percent, makes Order No. 890’s required posting. At the time that the change to the flowgate rating (or TFC value) is made in the AFC process, ESI records the event in the *AFC Flowgate TFC Change Greater Than 10% Log* on ESI’s OASIS. The posting includes the effective date of the change, the previous and current TFC values for the given flowgate, and specific information regarding the need for the TFC value change, including a detailed description of the event that gave rise to the change. Examples of such events include, but are not limited to, an upgrade to a transmission facility that is monitored in the AFC process or an interface rating change.

The posted TFC changes are incorporated in the AFC process during the next scheduled “Study Horizon” resynchronization. As explained in Attachment C of the ESI OATT, ESI’s monthly AFC values are updated frequently, and ESI’s customers can quickly evaluate transmission service requests through ESI’s Scenario Analyzer. This tool provides an additional level of transparency beyond Order No. 890’s TTC posting requirements because the Scenario Analyzer allows customers to submit “proxy” transmission service requests in order to evaluate transmission capacity based on on-going changes to system topology.

B. ESI Calculation of Incremental Costs

Based on the Commission’s July 13 Order, ESI implements Order No. 890’s *pro forma* Schedule 4, as now revised by Order No. 890-A.¹⁶ Accordingly, ESI’s incremental costs (as well as decremental costs) for the provision of energy imbalance service represent ESI’s actual average hourly cost of the last 10 MW dispatched for any purpose, which includes supplying ESI’s Native Load Customers, correcting imbalances, or making off-system sales based on the replacement cost of fuel, unit heat rates, start-up costs, incremental operation and maintenance costs, and purchased and interchange power costs and taxes, as applicable.

Order No. 890-A requires transmission providers to revise their OATTs in order to describe how they calculate incremental and decremental costs when providing imbalance service. Accordingly, ESI has revised its Schedule 4 to specify the calculation of incremental costs, including how each component is calculated. As stated above, the Commission has found that ESI’s GIA is consistent with or superior to the *pro forma* Schedule No. 9 and is not subject to Order No. 890’s revisions to the definition of incremental costs;¹⁷ therefore, ESI has not made a corresponding revision to its GIA.

¹⁶ See Order No. 890-A at P 310.

¹⁷ See *Entergy Servs., Inc.*, 120 FERC ¶ 61,042 at P 54 (2007).

C. Addition and Removal of Flowgates

In Order No. 890-A, the Commission explained that each transmission provider's Attachment C should explain its individual ATC calculation and clarified that each transmission provider's Attachment C should include the "step-by-step modeling study methodology and criteria for adding or eliminating flowgates (permanent and temporary)"¹⁸ The Commission directed any transmission providers that had failed to include this information in its Attachment C to do so as part of its March 17 Compliance Filing. If, however, the transmission provider has already satisfied this obligation in a previous compliance filing, the Commission only required that the relevant transmission provider include a citation to that filing.¹⁹

As explained below, ESI included its Attachment C in its July 13 Compliance Filing. Section 2.2 of that attachment (*Criteria for Adding/Removing Monitored Flowgates*) details the methodology that ESI uses when evaluating whether to add or remove a particular flowgate.

D. ESI's Criteria Manuals

Order No. 890 did not require transmission providers to file their respective transmission business practices under Section 205 of the FPA or otherwise include such business practices as part of their July 13 Compliance Filings. Instead, the Commission only required that such business practices be posted on OASIS as of July 13, 2007.²⁰ Order No. 890 also did not require transmission providers to include revisions to Attachment C in the July 13 Compliance Filings. Order No. 890's required revisions to Attachment C were required to be filed with the Commission on September 11, 2007.²¹ ESI nevertheless submitted revised and restated versions of Attachments D and E (formerly ESI's Study Manual and TSR Manual, respectively) and Attachment C (formerly ESI's AFC Manual) with the Commission on July 13, 2007 because of the unique filing requirements that apply to ESI under the Commission's orders approving the ESI's Independent Coordinator of Transmission ("ICT"). Specifically, the Commission required that "any criteria developed by [ESI] ... to grant or deny transmission service, including calculating AFC, must be filed under section 205 of the FPA and accepted by the Commission,"²² and included as attachments to the ESI OATT.²³ The Commission also required ESI to vet revisions to the Criteria Manuals through an additional stakeholder process and to submit any resulting changes to the Criteria Manuals for Commission review.²⁴ On May 18, 2007, ESI submitted its revised Criteria Manuals and requested that the Commission allow it to re-file the Criteria Manuals as OATT Attachments in ESI's July 13 Compliance Filing.

¹⁸ Order No. 890-A at P 149.

¹⁹ *Id.*

²⁰ Order No. 890 at P 1649-53.

²¹ *See id.* at P 140.

²² *Entergy Servs. Inc.*, 115 FERC ¶ 61,095 at P 66 (Apr. 24, 2006).

²³ *Entergy Servs., Inc.*, 119 FERC ¶ 61,009 at P 29 n.21 (2007) ("April 4 Order").

²⁴ *Id.* at P 24-25.

Accordingly, ESI included revised Criteria Manuals (revised and reformatted as Attachments C, D, and E to the ESI OATT) in its July 13 Compliance Filing, and explained that they will be superseded by versions of those attachments that are submitted for Commission review once the requisite stakeholder process is completed. ESI also explained that many issues that would be raised in this proceeding regarding Attachments C, D, and E may ultimately be resolved as part of the stakeholder process and, to the extent that the stakeholder process did not resolve an issue, individual stakeholders or the ICT may raise those issues with the Commission at the time of the subsequent filing. ESI therefore requested that the Commission defer the consideration of substantive issues implicated by Attachments C, D, and E and accept those attachments for filing purposes, subject to the outcome the stakeholder review process and any subsequent filings.

ESI and the ICT subsequently met with stakeholders in Little Rock, Arkansas on July 23-25, 2007. At these meetings (and in communications with ESI afterwards), stakeholders provided approximately 200 comments on Attachment C, D, and E. Based on this first round of input, ESI and the ICT circulated revised Attachments C, D, and E and subsequently met with stakeholders for a second time in Little Rock on January 30-31, 2008. During these meetings, stakeholders provided additional comments on Attachments C, D, and E. ESI and the ICT are currently reviewing this most recent round of suggestions. ESI has committed to begin providing further revised documents to stakeholders on a rolling basis later this month. ESI also has committed to allowing stakeholders to review and provide comments on ESI's revised Attachments C, D, and E a third time before submitting them to the Commission for review.

Because that stakeholder process has not yet concluded, ESI has not included revised versions of those attachments with this filing, except for the limited changes to Attachment E described below. ESI is continuing work with stakeholders to resolve outstanding issues concerning Attachments C, D and E and will submit those attachments for Commission review in a separate filing at the conclusion of the on-going stakeholder process.

E. Limited Revisions to Attachment E

Concurrent with this compliance filing, ESI is filing a request for limited waiver of Order No. 890's attestation requirements in order to allow ESI and the ICT to use an interim business practice for the ICT to verify that Network Customers have provided Order No. 890's required attestation when requesting to designate a Network Resource.²⁵ As ESI explains in its *Motion for Limited Waiver*, this business practice is necessitated by the fact the current OASIS "customer comments" field cannot accommodate the full text of Order No. 890's required attestation. In Order No. 890-A, the Commission recognized this fact and stated that transmission providers should accept requests to designate Network Resources, and the associated requisite attestations, via such means as telefax and e-mail until NAESB develops a new template that will allow the full text of Order No. 890's attestation to be included with a request for Network Service.²⁶

²⁵ See Order No. 890-A, Appendix C, §§ 29.2(viii) and 30.2; see also *Motion of Entergy Services, Inc. for Limited Waiver of Order No. 890-A Compliance Requirement*, Docket No. OA17-17-000, et al (filed Mar. 17, 2008) ("Motion for Limited Waiver").

²⁶ Order No. 890-A at P 919.

Under ESI's and the ICT's proposed business practice, Network Customers are still required to e-mail to the ICT Order No. 890's full attestation for Network Resources when submitting their service request. They are also, however, required to verify that this attestation has been sent to the ICT in the "customer comments" field on OASIS. ESI has requested limited waiver, to the extent required, to allow the ICT temporarily to rely on the Network Customer's statement in the comments field – as opposed to verifying every e-mail – when determining if a Network Customer has provided Order No. 890's requisite attestation.

ESI proposes that this process be used on an interim basis until early June when ESI anticipates implementing a new OASIS template that would allow Order No. 890's required attestation to be attached to their service request in an excel spreadsheet. This template will be replaced when NAESB has revised OASIS software to allow Order No. 890's entire attestation to be included in the comments field.

ESI's proposed revisions to Attachment E reflect the implementation of this interim business practice by removing a "Form for Designation of Network Resources" that was originally included in the Attachment E submitted with ESI's July 13 Compliance Filing. This form included attestation language that will be superseded by ESI's and the ICT's proposed interim business practice. Attachment E has also been revised to indicate that the process described above will be posted as a business practice on ESI's OASIS.

III. ATTACHMENTS INCLUDED WITH THIS FILING

- | | |
|---------------|---|
| Attachment 1: | Clean Revised Tariff Sheets for Third Revised Volume No. 3 of ESI's OATT; and |
| Attachment 2: | Redlined versions the Revised Tariff Sheets for Third Revised Volume No. 3 of ESI's OATT. |

IV. EFFECTIVE DATE

As required by Order No. 890 and Order No. 890-A, ESI requests that the revised tariff sheets included in this compliance filing be accepted effective July 13, 2007.

V. SERVICE AND POSTING

In addition to making this filing with the Commission, ESI has posted a copy of this filing on its OASIS and has provided a copy of this filing to the state and local regulators of the Entergy Operating Companies. ESI requests that the Commission waive the requirement in 18 C.F.R. § 385.2010 (2007) for ESI to serve this filing on its customers, as ESI has posted the filing on its OASIS. A hard copy of this filing is also available at ESI's corporate headquarters in New Orleans, Louisiana and its offices in Washington, D.C.

VI. COMMUNICATIONS

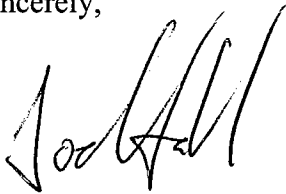
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Sincerely,



Joseph C. Hall
Attorney for Entergy Services, Inc.

ATTACHMENT 1
Clean Tariff Sheets

REVISED SECTIONS	TARIFF SHEET NO. [New Designation Listed]
Table of Contents	Substitute Original Sheet No. 7 Substitute Original Sheet No. 8
1.28: Network Resource	Substitute Original Sheet No. 19
1.41: Pre-Confirmed Application	Substitute Original Sheet No. 21
2.2: Reservation Priority For Existing Firm Service Customers	Substitute Original Sheet No. 25 Substitute Original Sheet No. 26
3: Ancillary Services	Substitute Original Sheet No. 27 Original Sheet No. 27A Substitute Original Sheet No. 28
4.1: Terms and Conditions	Substitute Original Sheet No. 30
6: Reciprocity	Substitute Original Sheet No. 35
13.2 (ii) and (iii): Reservation Priority	Substitute Original Sheet No. 57 Substitute Original Sheet No. 58 Substitute Original Sheet No. 59
14.2: Reservation Priority	Substitute Original Sheet No. 67
15.4 (b) and (c): Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment	Substitute Original Sheet No. 74 Substitute Original Sheet No. 75
17.2 (ix): Completed Application	Substitute Original Sheet No. 81
17.7: Extension for Commencement of Service	Substitute Original Sheet No. 84
18.2 (viii): Completed Application	Substitute Original Sheet No. 87
19.1: Notice of Need for System Impact Study	Substitute Original Sheet No. 88
19.3: System Impact Study Procedures	Substitute Original Sheet No. 90
23.1: Procedures for Assignment or Transfer of Service	Substitute Original Sheet No. 101 Substitute Original Sheet No. 102 Original Sheet No. 102A
28.6: Restrictions on Use of Service	Substitute Original Sheet No. 109
29.1 (v): Condition Precedent for Receiving Service	Substitute Original Sheet No. 113
30.4: Operation of Network Resources	Substitute Original Sheet No. 120
32.3: System Impact Study Procedures	Substitute Original Sheet No. 127 Substitute Original Sheet No. 128 Original Sheet No. 128A
Schedule 4	Third Substitute First Revised Sheet No. 142 Second Substitute First Revised Sheet No. 143 Second Substitute First Revised Sheet No. 144 Second Substitute First Revised Sheet No. 145
Schedule 7	Substitute Original Sheet No. 152 Substitute Original Sheet No. 153
Schedule 8	Substitute Original Sheet No. 170
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otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a Commission-approved reserve sharing program.

1.29 Network Upgrades:

Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

1.30 Non-Firm Point-To-Point Transmission Service:

Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

1.31 Non-Firm Sale:

An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.

1.32 Open Access Same-Time Information System (OASIS):

The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.33 Part I:

Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

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Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.39 Point-To-Point Transmission Service:

The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.40 Power Purchaser:

The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

1.41 Pre-Confirmed Application:

An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

1.42 Receiving Party:

The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

1.43 Regional Transmission Group (RTG):

A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

1.44 Reserved Capacity:

The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission

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2. Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transfer Capability:

For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

2.2 Reservation Priority For Existing Firm Service Customers:

Existing firm service customers (wholesale requirements and transmission-only, with a contract term of five years or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to the longest competing request by any new Eligible

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Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service; provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more. The existing firm service customer must provide notice to the Transmission Provider whether it will exercise its right of first refusal no less than one year prior to the expiration date of its transmission service agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer. Service agreements subject to a right of first refusal entered into prior to [the date of the Transmission Provider's filing adopting the reformed rollover language herein in compliance with Order No. 890] or associated with a transmission service request received prior to July 13, 2007, unless terminated, will become subject to the five year/one year requirement on the first rollover date after [the date of the Transmission Provider's filing adopting the reformed rollover language herein in compliance with Order No. 890]; provided that, the one-year notice requirement shall apply to such service agreements with five years or more left in their terms as of the [date of the Transmission Provider's filing adopting the reformed rollover language herein in compliance with Order No. 890].

3. Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is

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required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve - Supplemental. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply.

The Transmission Provider will, pursuant to Attachment P, provide (or offer to arrange with the local Control Area Operator as discussed below), to the extent it is physically feasible to do so from its resources or from resources available to it, Generator Imbalance Service when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer using Transmission Service to deliver energy from a generator located within the Transmission Provider's Control Area is required to acquire Generator Imbalance Service, whether from the Transmission Provider, from a third party, or by self-supply.

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The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure

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the Ancillary Services (discussed in Schedules 3, 4, 5, and 6, and Attachment P) from a third party or by self-supply when technically feasible.

The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer. The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission Provider in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system. Sections 3.1 through 3.7 below list the seven Ancillary Services.

3.1 Scheduling, System Control and Dispatch Service:

The rates and/or methodology are described in Schedule 1.

3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service:

The rates and/or methodology are described in Schedule 2.

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4. Open Access Same-Time Information System (OASIS)

4.1 Terms and Conditions:

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities) and 18 C.F.R. § 38 of the Commission's regulations (Business Practice Standards and Communication Protocols for Public Utilities). In the event available transfer capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

The Transmission Provider shall post on OASIS and its public website an electronic link to all rules, standards and practices that (i) relate to the terms and conditions of transmission service, (ii) are not subject to a North American Energy Standards Board (NAESB) copyright restriction, and (iii) are not otherwise included in this Tariff. The Transmission Provider shall post on OASIS and on its public website an electronic link to the NAESB website where any rules, standards and practices that are protected by copyright may be obtained. The Transmission Provider shall also post on OASIS and its public website an electronic link to a statement of the process by which the Transmission Provider shall add, delete or otherwise modify the rules, standards and practices that are not included in this tariff. Such process shall set forth the means by which the

Transmission Provider shall provide reasonable advance notice to Transmission

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energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate Affiliates. A Transmission Customer that is a member of, or takes transmission service from, a power pool, Regional Transmission Group, Regional Transmission Organization (RTO), Independent System Operator (ISO) or other transmission organization approved by the Commission for the operation of transmission facilities also agrees to provide comparable transmission service to the transmission-owning members of such power pool and Regional Transmission Group, RTO, ISO or other transmission organization on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate Affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

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II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery.

13. Nature of Firm Point-To-Point Transmission Service

13.1 Term:

The minimum term of Firm Point-To-Point Transmission Service shall be one day and the maximum term shall be specified in the Service Agreement.

13.2 Reservation Priority:

- (i) Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis, i.e., in the chronological sequence in which each Transmission Customer has requested service.
- (ii) Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction or reservation. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration. Among requests or reservations with the same duration and, as relevant, pre-confirmation status (pre-confirmed, confirmed, or not

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confirmed), priority will be given to an Eligible Customer's request or reservation that offers the highest price, followed by the date and time of the request or reservation.

- (iii) If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. When a longer duration

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request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, price and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

- (iv) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

13.3 Use of Firm Transmission Service by the Transmission Provider:

The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

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Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14. Nature of Non-Firm Point-To-Point Transmission Service

14.1 Term:

Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority:

Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term request before being preempted. A longer term competing

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15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment:

- (a) If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate the Transmission Provider for such costs pursuant to the terms of Section 27 in accordance with Attachment T. The Transmission Provider will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Provider has the right to expand or modify.
- (b) If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to provide redispatch from its own resources until (i) Network Upgrades are completed for the Transmission Customer, (ii) the Transmission Provider determines

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through a biennial reassessment that it can no longer reliably provide the redispatch, or (iii) the Transmission Customer terminates the service because of redispatch changes resulting from the reassessment. A Transmission Provider shall not unreasonably deny self-provided redispatch or redispatch arranged by the Transmission Customer from a third party resource.

- (c) If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will offer the Firm Transmission Service with the condition that the Transmission Provider may curtail the service prior to the curtailment of other Firm Transmission Service for a specified number of hours per year or during System Condition(s). If the Transmission Customer accepts the service, the Transmission Provider will use due diligence to provide the service until (i) Network Upgrades are completed for the Transmission Customer, (ii) the Transmission Provider determines through a biennial reassessment that it can no longer reliably provide such service, or (iii) the Transmission Customer terminates the service because the reassessment increased the number of hours per year of conditional curtailment or changed the System Conditions.

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- (ix) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service; and
- (x) Any additional information required by the Transmission Provider's planning process established in Attachment K.

The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

17.3 Deposit:

Unless waived because of the establishment of creditworthiness pursuant to Section 11, a Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. Transmission Provider also may require a deposit of the full charge for service requests made in accordance with Attachment V. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, if a request for service made in accordance with Attachment V is not granted, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the Transmission Provider in connection with the review of the losing bidder's Application or request for service that is not granted. The deposit also will be returned with interest less any

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and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service:

The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof within 15 days of notifying the Transmission Provider it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer

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information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

(viii) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

18.3 Reservation of Non-Firm Point-To-Point Transmission Service:

Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon the day before service is to commence. Requests for service received later than 2:00 p.m. prior to the day service is scheduled to commence will be accommodated if practicable.

18.4 Determination of Available Transfer Capability:

Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service.

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19. Additional Study Procedures For Firm Point-To-Point Transmission Service Requests

19.1 Notice of Need for System Impact Study:

After receiving a request for service, other than a request submitted in Accordance with Attachment V, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects to have the Transmission Provider study redispatch or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options. The Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study

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- (iii) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 20.

19.3 System Impact Study Procedures:

Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including an estimate of the cost of redispatch, (3) conditional curtailment options (when requested by an Eligible Customer) including the number of hours per year and the System Conditions during which conditional curtailment may occur, and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated

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- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis:

Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

23. Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service:

Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the

Reseller. Compensation to Resellers shall not exceed the higher of (i) the original rate

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paid by the Reseller, (ii) the Transmission Provider's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at the Transmission Provider's cost of expansion; provided that, for service prior to October 1, 2010, compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.

The Assignee must execute a service agreement with the Transmission Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. The Transmission Provider shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Transmission Provider or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Transmission Provider or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

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23.2 Limitations on Assignment or Transfer of Service:

If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain

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specified in Schedule 7. The Transmission Provider will credit revenues that it receives in excess of one times the rate specified in Schedule 7. The Transmission Provider shall disburse accumulated penalty revenues under this section, plus interest calculated in accordance with 18 C.F.R. § 35.19a, only when the annual accumulated amount of penalty revenues pursuant to this section to be credited reaches \$100,000. The annual period will commence on January 1 every year and end on December 31. Penalty revenues in one year will not be carried over into subsequent years. When the annual accumulated amount of penalty revenues pursuant to this section reaches \$100,000, Transmission Provider will credit the revenues by dividing them equally among all Network Customers during the annual period that did not use Network Integration Transmission Service or secondary service pursuant to Section 28.4 to facilitate a wholesale sale that does not serve a Network Load at any point during the annual period.

29. Initiating Service

29.1 Condition Precedent for Receiving Service:

Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that the Transmission Provider file a proposed

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Control Area, where only a portion of unit output is designated as a Network Resource;

- Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery

For each off-system Network Resource, such description shall include:

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
- Identification of the control area from which the power will originate
- Delivery point(s) to the Transmission Provider's Transmission System
- Transmission arrangements on the external transmission system(s)
- Operating restrictions, if any
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons

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requests for undesignation and the request for these related transmission service requests must be approved or denied as a single request. The evaluation of these related transmission service requests must take into account the termination of the network resources identified in (iii) above, as well as all competing transmission service requests of higher priority.

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.4 Operation of Network Resources:

The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus losses, plus power sales under a Commission-approved reserve sharing program. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application

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Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 8.

32.3 System Impact Study Procedures:

Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element of flowgate, (2) redispatch options (when

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requested by an Eligible Customer) including, to the extent possible, an estimate of the cost of dispatch, (3) available options for installation of automatic devices to curtail service (when requested by an Eligible Customer), and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no

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costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

32.4 Facilities Study Procedures:

If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities

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SCHEDULE 4

ENERGY IMBALANCE SERVICE

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule 4 or a penalty for hourly generator imbalances under Attachment P for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of incremental or decremental cost; (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of

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the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of incremental cost or 75 percent of decremental cost.

For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Provider's actual average hourly cost of the last 10 MW dispatched for any purpose, i.e., to supply the Transmission Provider's Native Load Customers, correct imbalances, or make off-system sales, based on the replacement cost of fuel, unit heat rates, start-up costs (including any commitment and redispatch costs), incremental operation and maintenance costs, and purchased and interchange power costs and taxes, as applicable.

The replacement cost of fuel (including the cost of fuel for start-ups) is calculated as follows: (1) oil, coal and nuclear replacement costs are calculated based on as-booked numbers from the prior month; and (2) gas replacement costs are calculated using nominated fuel prices and quantities. Fuel invoices/databases will be used for calculating this component. The unit heat rates are calculated based on actual operation of the units for the prior 12 months. The incremental operations and maintenance costs are calculated based on the applicable O&M accounts using prior year's FERC Form 1 data. The purchased and interchange power costs and taxes are calculated based on the actual costs of the purchase. Purchase power invoices/databases will be used for calculating this component.

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The Transmission Provider will credit revenues that it receives in excess of the costs it incurs to accommodate energy imbalances (“penalty revenues”) to the Transmission Provider’s Native Load Customers and Transmission Customers who have not experienced energy imbalances in excess of the deviation band in the hour under this Schedule. The credits shall be calculated and allocated as set out below.

The penalty revenues for which the Transmission Provider provides credits consist of the sum of the following amounts:

- (i) for deficient energy in excess of the deviation band in an hour, the amount by which the Transmission Provider’s revenues for such imbalance exceed incremental cost times the customers quantity of deficient energy in that hour;
- (ii) for excess energy in excess of the deviation band in an hour, the amount by which any payment to a Transmission Customer is less than decremental cost times the customers quantity of excess energy in that hour.

The imbalance penalty revenues calculated shall be credited based on the ratio of transmission usage of the Transmission Provider’s Native Load Customers and each Transmission Customer that did not experience an energy imbalance under this Schedule in excess of the deviation band in an hour to the total transmission usage from the Transmission Provider’s Native Load Customers and all Transmission Customers who did not experience energy imbalances under this Schedule in excess of the deviation band in the hour in the hour. A Transmission Customer that

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experiences an energy imbalance in excess of the deviation band in an hour shall not receive a credit pursuant to this Section for that hour.

The Transmission Provider shall only disburse accumulated penalty revenues, plus interest calculated in accordance with 18 C.F.R § 35.19a, when the annual refund obligation for Transmission Customers (exclusive of the Transmission Provider's Native Load Customers) reaches \$100,000. The annual period will commence on January 1 every year and end on December 31. Penalty revenues in one year will not be carried over into subsequent years.

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SCHEDULE 7

Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth in Appendix A or Appendix B to this Schedule 7 unless the pricing provisions of Attachment T related to redispatch or the construction of new facilities apply.

Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission services rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

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POINT-TO-POINT TRANSMISSION SERVICE CHARGES

1. Rate Structure

The Customer shall pay Companies for Long-Term Firm Point-to-Point, Short-Term Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service and Distribution Service, as applicable in accordance with the provisions of Paragraphs 3 - 7 of this Appendix A.

- Resales: The rates and rules governing charges and discounts stated in this Schedule 7 shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.

2. Loss Factors

The following loss factors shall be applied, as applicable, on a cumulative basis to adjust metered (or scheduled) loads and Customer's net generation and purchased power on the load side of the Customer's meter to the Entergy Transmission System input level for all purposes under this Appendix A:

Type of Service	Loss Factor
Transmission Service	1.03
Distribution Transformation Service	1.01
Distribution Line Service	1.02

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SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Section 4 of Appendix A to Schedule 7 of this Tariff.

Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery of the Transmission System.

Resales: The rates and rule governing charges and discounts stated in this Schedule 8 or incorporated by reference from Schedule 7 shall not apply to resales of transmission services, compensation for which shall be governed by section 23.1 of the Tariff.

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ATTACHMENT A-1
Form Of Service Agreement For
The Resale, Reassignment Or Transfer Of
Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Entergy Services, Inc.), and _____ (the Assignee).
- 2.0 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
- 3.0 The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part II of the Transmission Provider's Tariff, except for those terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section 23.1 of this Tariff) and the Assignee, to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section 23.2 of this Tariff.
- 4.0 The Transmission Provider shall credit the Reseller for the price reflected in the Assignee's Service Agreement or the associated OASIS schedule.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Entergy Services, Inc.:

Interconnection Arrangements Administrator
Entergy Services, Inc.
P.O. Box 61000
New Orleans, LA 70161

Assignee:

- 6.0 The Tariff is incorporated herein and made a part hereof.

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point(s) to the Transmission System; and (5) transmission arrangements on the external transmission system(s).

- 2.4 In addition to the information required in Section 2.3, the Transmission Customer must also provide: (1) any operating restrictions (periods of restricted operation, maintenance schedules, minimum loading level of resource, normal operating level of resource); and (2) approximate variable generating cost (\$/MWH) for redispatch computations. The information required by this Section 2.4 shall be masked on OASIS to prevent the release of commercially sensitive information. If no operating constraints are specified in the contract, or if no such constraints are relevant to an owned generation resource being designated, then such information should be reflected in the information posted on OASIS.

4. Providing Information to Verify New Network Resources

- 4.1 Information Required for Generating Facilities. For requests to designate generating facilities as Network Resources, Network Customers will provide a standard "attestation" pursuant to section 29.2(viii) of the Tariff, verifying that (1) the portion of the generating facility's output to be designated as a Network Resource is not committed for sale on a firm basis to non-designated third-party load and may only be curtailed for reliability reasons necessary to serve native load, and (2) where the generating facility is not directly interconnected with the Transmission System, a firm transmission path has been established by the Customer to a point of delivery on the Transmission System. The ICT shall verify the firmness of the Network Customer's transmission arrangements on other systems. Conditional Firm Point-to-Point Transmission Service is sufficiently firm to import a designated network resource. However, designation of Network Resources within the Entergy Control Area on a conditional firm basis will not be allowed.

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4.2 Information Required for Power Purchase Agreements. For requests to designate power purchase agreements as Network Resources, Network Customers will provide (1) a standard “attestation” pursuant to section 29.2(viii) of the Tariff, verifying that the power purchase contract meets the standards for designating a Network Resource and may only be curtailed for reliability reasons necessary to serve Native Load; and (2) a firm transmission path has been established by the Customer to a point of delivery on the Transmission System. The ICT shall verify the firmness of the Network Customer’s transmission arrangements on other systems. Conditional Firm Point-to-Point Transmission Service is sufficiently firm to import a designated Network Resource. However, designation of Network Resources within the Entergy Control Area on a conditional firm basis will not be allowed. The “standard” attestation pursuant to section 29.2(viii) of the Tariff must be provided for each request, even if the contract has been previously submitted for another request.

4.2.1 An option contract may be designated as a Network Resource once the option is exercised to convert the transaction to a capacity purchase and the remaining Network Resource designation requirements are met.

4.2.2 A firm liquidated damages (“LD”) contract may be designated as a Network Resource as long as the contract contains a “make whole” LD provision, such as that found in the EEI Master Contract’s Firm LD Product and the WSPP Schedule C agreement. A “make whole” LD provision obligates the supplier, in the case of interruption for reasons other than force majeure, to make the aggrieved buyer financially whole by reimbursing them for the additional costs, if any, of replacement power. Conversely, contracts containing LD provisions that provide penalties at a fixed amount, or that otherwise do not require the seller to pay an aggrieved buyer the full cost of replacing interrupted power, are not acceptable.

4.2.3 A Transmission Customer may not designate as a Network Resource a “seller’s choice” power purchase agreement which is sourced by generating units internal to Entergy’s Control Area.

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4.3 Timing of Submitting Required Information.

- 4.3.1 For Preconfirmed requests, the standard attestation pursuant to section 29.2(viii) of the Tariff must be submitted at the time the request to designate the Network Resource is submitted. If the information required herein is not available at the time the request is submitted (e.g., where execution of the contract is contingent on the availability of transmission service), the Transmission Customer may still submit a request to designate the Network Resource, but should not submit the request as "Preconfirmed."
- 4.3.2 For Network Resource requests that are not Preconfirmed, the Customer must provide information described herein no later than at the time the request to designate the Network Resource is "Confirmed."
- 4.3.3 If the Network Customer does not include the attestation when it confirms the request or when it submits a pre-confirmed request, the ICT must notify the Network Customer within 15 days of confirmation that its request is deficient. Whenever possible, the ICT shall attempt to remedy deficiencies in the request through informal communications with the Network Customer. If such efforts are unsuccessful, the ICT shall terminate the Network Customer's request and change the status of the request on OASIS to "retracted." This termination shall be without prejudice to the Network Customer submitting a new request that includes the required attestation. The Network Customer shall be assigned a new priority consistent with the date of the new request.

4.4 Method of Submitting Required Information. The ICT shall post business practices governing the procedures that will be used to submit required "standard" attestations when designating Network Resources.

5. Secondary Network Service

- 5.1 Secondary Network Service must be requested in accordance with Section 18 of the Tariff, including the timing restrictions of Section 18.3.

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- 5.2 A Transmission Customer may not use Network Service, instead of Point-to-Point Service, to deliver short-term energy purchases to the Transmission System that were not used to serve native load. Secondary Network Service may not be used for the purpose of serving off-system sales.

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otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a Commission-approved reserve sharing program.

1.29 Network Upgrades:

Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

1.30 Non-Firm Point-To-Point Transmission Service:

Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

1.31 Non-Firm Sale:

An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.

1.32 Open Access Same-Time Information System (OASIS):

The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.33 Part I:

Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.39 Point-To-Point Transmission Service:

The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.40 Power Purchaser:

The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

1.41 Pre-Confirmed Application:

An Application that commits the [~~Transmission~~]Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

1.42 Receiving Party:

The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

1.43 Regional Transmission Group (RTG):

A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

1.44 Reserved Capacity:

The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission

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2. Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transfer Capability:

For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

2.2 Reservation Priority For Existing Firm Service Customers:

Existing firm service customers (wholesale requirements and transmission-only, with a contract term of five years or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to the [~~longer of a~~ longest] competing request by any new

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Eligible Customer [~~or five years~~]and to pay the current just and reasonable rate, as approved by the Commission, for such service: provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more. The existing firm service customer must provide notice to the Transmission Provider whether it will exercise its right of first refusal no less than one year prior to the expiration date of its transmission service agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer. Service agreements subject to a right of first refusal entered into prior to [the [~~acceptance by the Commission~~]date of the Transmission Provider's [~~Attachment K~~]]filing adopting the reformed rollover language herein in compliance with Order No. 890] or associated with a transmission service request received prior to July 13, 2007, unless terminated, will become subject to the five year/one year requirement on the first rollover date after [the [~~acceptance by the Commission~~]date of the Transmission Provider's [~~Attachment K~~]]filing adopting the reformed rollover language herein in compliance with Order No. 890]; provided that, the one-year notice requirement shall apply to such service agreements with five years or more left in their terms as of the [date of the Transmission Provider's filing adopting the reformed rollover language herein in compliance with Order No. 890].

3. Ancillary Services

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Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

The Transmission Provider is required~~[to offer]~~ to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve - Supplemental~~[, and (v) Generator Imbalance]~~. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply.

The Transmission Provider will, pursuant to Attachment P, provide (or offer to arrange with the local Control Area Operator as discussed below), to the extent it is physically feasible to do so from its resources or from resources available to it, Generator Imbalance Service when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer using Transmission Service to deliver energy from a generator located within the Transmission Provider's Control

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Entergy Services, Inc.

Substitute Original Sheet No. 28

FERC Electric Tariff

Superseding Original Sheet No. 28

Third Revised Volume No. 3

Area is required to acquire Generator Imbalance Service, whether from the Transmission

Provider, from a third party, or by self-supply.

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The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure

the Ancillary Services (discussed in Schedules 3, 4, 5, and 6, and Attachment P) from a third party or by self-supply when technically feasible.

The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer. The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission Provider in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an ~~affiliate~~ Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system. Sections 3.1 through 3.7 below list the seven Ancillary Services.

3.1 Scheduling, System Control and Dispatch Service:

The rates and/or methodology are described in Schedule 1.

3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service:

The rates and/or methodology are described in Schedule 2.

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4. Open Access Same-Time Information System (OASIS)

4.1 Terms and Conditions:

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities) and 18 C.F.R. § 38 of the Commission's regulations (Business Practice Standards and Communication Protocols for Public Utilities). In the event available transfer capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

The Transmission Provider shall post on OASIS and its public website an electronic link to all rules, standards and practices that (i) relate to the terms and conditions of transmission service, (ii) are not subject to a North American Energy Standards Board (NAESB) copyright restriction, and (iii) are not otherwise included in this Tariff. The Transmission Provider shall post on OASIS [~~an electronic link to these rules, standards and practices, and shall post~~]and on its public website an electronic link to the NAESB website where any rules, standards and practices that are protected by copyright may be obtained. The Transmission Provider shall also [~~make available~~]post on OASIS and its public website an electronic link to a statement of the process by which the Transmission Provider shall add, delete or otherwise modify the rules, standards and practices that are [~~posted on its website~~]not included in this tariff. Such process shall set

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energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate ~~[affiliates]~~ Affiliates. A Transmission Customer that is a member of, or takes transmission service from, a power pool, Regional Transmission Group, Regional Transmission Organization (RTO), Independent System Operator (ISO) or other transmission organization approved by the Commission for the operation of transmission facilities also agrees to provide comparable transmission service to the transmission-owning members of such power pool and Regional Transmission Group, RTO, ISO or other transmission organization on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate ~~[affiliates]~~ Affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery.

13. Nature of Firm Point-To-Point Transmission Service

13.1 Term:

The minimum term of Firm Point-To-Point Transmission Service shall be one day and the maximum term shall be specified in the Service Agreement.

13.2 Reservation Priority:

- (i) Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis, i.e., in the chronological sequence in which each Transmission Customer has requested service.
- (ii) Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction or reservation. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration. Among requests or reservations with the same duration and as relevant, pre-confirmation status (~~Pre-Confirmed~~ pre-

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confirmed, confirmed, or not confirmed), priority will be given to an Eligible Customer's request or reservation that offers the highest price, followed by the date and time of the request or reservation.

- (iii) If the Transmission System becomes oversubscribed, requests for [~~longer term~~]service may preempt [~~requests for shorter term service~~]competing reservations up to the following conditional reservation deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all [~~Applications~~]requests and reservations, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term

Firm Point-To-Point Transmission Service. When a longer duration request preempts multiple shorter duration [~~requests~~]reservations, the shorter duration [~~requests~~]reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, [~~pre-confirmation status,~~]price and time of response will be used to determine the order by which the multiple shorter duration [~~requests~~]reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

- (iv) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

13.3 Use of Firm Transmission Service by the Transmission Provider:

The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission

Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14. Nature of Non-Firm Point-To-Point Transmission Service

14.1 Term:

Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority:

Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service.

Eligible Customers that have already reserved shorter term service have the right of first

refusal to match any longer term [~~reservation~~]request before being preempted. A longer term competing

15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment:

- (a) If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate the Transmission Provider for such costs pursuant to the terms of Section 27 in accordance with Attachment T. The Transmission Provider will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Provider has the right to expand or modify.
- (b) If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to provide redispatch from its own resources until (i) Network Upgrades are

through a biennial reassessment that it can no longer reliably provide the redispatch, or (iii) the Transmission Customer terminates the service because of redispatch changes resulting from the reassessment. A Transmission Provider shall not unreasonably deny self-provided redispatch or redispatch arranged by the Transmission Customer from a third party resource.

- (c) If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will offer the Firm Transmission Service with the condition that the Transmission Provider may curtail the service prior to the curtailment of other Firm Transmission Service for a specified number of hours per year or during System Condition(s). If the Transmission Customer accepts the service, the Transmission Provider will use due diligence to provide the service until (i) Network Upgrades are completed for the Transmission Customer, (ii) the Transmission Provider determines through a biennial reassessment that it can no longer reliably provide such service, or (iii) the Transmission Customer terminates the service because the reassessment increased the number of hours per year of conditional curtailment or changed the System Conditions.

- (ix) A statement indicating [~~whether~~]that, if the [~~Transmission~~]Eligible Customer [~~commits to~~]submits a Pre-Confirmed [~~Request, i.e.,~~]Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service; and
- (x) Any additional information required by the Transmission Provider's planning process established in Attachment K.

The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

17.3 Deposit:

Unless waived because of the establishment of creditworthiness pursuant to Section 11, a Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. Transmission Provider also may require a deposit of the full charge for service requests made in accordance with Attachment V. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, if a request for service made in accordance with Attachment V is not granted, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the Transmission

and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service:

The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month^[2]'s charge for Firm Transmission Service for each year or fraction thereof~~[-If the Eligible Customer does not pay this non-refundable reservation fee]~~ within 15 days of notifying the Transmission Provider it intends to extend the commencement of service~~[, then the Eligible Customer's application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest]~~. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate

information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

(viii) A statement indicating [~~whether~~]that, if the [~~Transmission~~]Eligible Customer [~~commits to~~]submits a Pre-Confirmed [~~Request, i.e.,~~]Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

18.3 Reservation of Non-Firm Point-To-Point Transmission Service:

Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon the day before service is to commence. Requests for service received later than 2:00 p.m. prior to the day service is scheduled to commence will be accommodated if practicable.

18.4 Determination of Available Transfer Capability:

Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service.

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19. Additional Study Procedures For Firm Point-To-Point Transmission Service Requests

19.1 Notice of Need for System Impact Study:

After receiving a request for service, other than a request submitted in Accordance with Attachment V, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects ~~[not]~~ to have the Transmission Provider study redispatch or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options. The Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study

- (iii) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 20.

19.3 System Impact Study Procedures:

Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by [~~a-Transmission~~ an Eligible Customer) including an estimate of the cost of redispatch, (3) conditional curtailment options (when requested by [~~a-Transmission~~ an Eligible Customer) including the number of hours per year and the System Conditions during which conditional curtailment may occur, and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated

- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis:

Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

23. Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service:

Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the

Reseller. Compensation to Resellers shall not exceed the higher of (i) the original rate

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paid by the Reseller, (ii) the Transmission Provider's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at the Transmission Provider's cost of expansion; provided that, for service prior to October 1, 2010, compensation to Resellers shall be at rates established by agreement ~~[with]~~ between the Reseller and the Assignee.

The Assignee must execute a service agreement with the Transmission Provider governing reassignments of transmission service prior to the date on which the reassigned service commences ~~[that will govern the provision of reassigned service]~~. The Transmission Provider shall ~~[-credit or]~~ charge the Reseller, as appropriate, ~~[for any differences between]~~ at the rate stated in the Reseller's Service Agreement with the Transmission Provider or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement ~~[and the Reseller's Service Agreement]~~ with the Transmission Provider or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee

23.2 Limitations on Assignment or Transfer of Service:

If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain

specified in Schedule 7. The Transmission Provider will credit revenues that it receives in excess of one times the rate specified in Schedule 7. The Transmission Provider shall disburse accumulated penalty revenues under this section, plus interest calculated in accordance with 18 C.F.R. § 35.19a, only when the annual accumulated amount of penalty revenues pursuant to this section to be credited reaches \$100,000. The annual period will commence on January 1 every year and end on December 31. Penalty revenues in one year will not be carried over into subsequent years. When the annual accumulated amount of penalty revenues pursuant to this section reaches \$100,000, ~~[Tranmission]~~Transmission Provider will credit the revenues by dividing them equally among all Network Customers during the annual period that did not use Network Integration Transmission Service or secondary service pursuant to Section 28.4 to facilitate a wholesale sale that does not serve a Network Load at any point during the annual period.

29. Initiating Service

29.1 Condition Precedent for Receiving Service:

Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible

Control Area, where only a portion of unit output is designated as a Network Resource;

- Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery

For each off-system Network Resource, such description shall include:

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
- Identification of the control area~~(s)~~ from which the power will originate
- Delivery point(s) to the Transmission Provider's Transmission System
- Transmission arrangements on the external transmission system(s)
- Operating restrictions, if any
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons

requests for undesignation and the request for these related transmission service requests must be approved or denied as a single request. The evaluation of these related transmission service requests must take into account the termination of the network resources identified in (iii) above, as well as all competing transmission service requests of higher priority.

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.4 Operation of Network Resources:

The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus losses, plus power sales under a Commission-approved reserve sharing program. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application

Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 8.

32.3 System Impact Study Procedures:

Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints[~~and redispatch options;~~], identified with specificity by transmission element of flowgate,

(2) redispatch options (when requested by an Eligible Customer) including, to the extent possible, an estimate of the cost of dispatch, (3) available options for installation of automatic devices to curtail service (when requested by an Eligible Customer), and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible

costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

32.4 Facilities Study Procedures:

If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities

SCHEDULE 4

ENERGY IMBALANCE SERVICE

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule 4 or a penalty for hourly generator imbalances under Attachment P [~~or hourly energy~~ for] imbalances [~~under this Schedule for~~ occurring during] the same [~~imbalance~~ hour], but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of incremental or decremental cost; (ii)

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the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of incremental cost or 75 percent of decremental cost.

For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Provider's actual average hourly cost of the last 10 MW dispatched for any purpose, i.e., to supply the Transmission Provider's Native Load Customers, correct imbalances, or make off-system sales, based on the replacement cost of fuel, unit heat rates, start-up costs (including any commitment and redispatch costs), incremental operation and maintenance costs, and purchased and interchange power costs and taxes, as applicable.

The replacement cost of fuel (including the cost of fuel for start-ups) is calculated as follows: (1) oil, coal and nuclear replacement costs are calculated based on as-booked numbers from the prior month; and (2) gas replacement costs are calculated using nominated fuel prices and quantities. Fuel invoices/databases will be used for calculating this component. The unit heat rates are calculated based on actual operation of the units for the prior 12 months. The incremental operations and maintenance costs are calculated based on the applicable O&M accounts using prior year's FERC Form 1 data. The purchased and interchange power costs and taxes are calculated based on the actual costs of the purchase. Purchase power invoices/databases will be used for calculating this component.

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The Transmission Provider will credit revenues that it receives in excess of the costs it incurs to accommodate energy imbalances (“penalty revenues”) to the Transmission Provider’s Native Load Customers and Transmission Customers who have not experienced energy imbalances in excess of the deviation band in the hour under this Schedule. The credits shall be calculated and allocated as set out below.

The penalty revenues for which the Transmission Provider provides credits consist of the sum of the following amounts:

- (i) for deficient energy in excess of the deviation band in an hour, the amount by which the Transmission Provider’s revenues for such imbalance exceed incremental cost times the customers quantity of deficient energy in that hour;
- (ii) for excess energy in excess of the deviation band in an hour, the amount by which any payment to a Transmission Customer is less than decremental cost times the customers quantity of excess energy in that hour.

The imbalance penalty revenues calculated shall be credited based on the ratio of transmission usage of the Transmission Provider’s Native Load Customers and each Transmission Customer that did not experience an energy imbalance under this Schedule in excess of the deviation band in an hour to the total transmission usage from the Transmission Provider’s Native Load Customers and all Transmission Customers who did not experience energy imbalances under this Schedule in excess of the deviation band in the hour in the hour. A Transmission Customer that

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experiences an energy imbalance in excess of the deviation band in an hour shall not receive a credit pursuant to this Section for that hour.

The Transmission Provider shall only disburse accumulated penalty revenues, plus interest calculated in accordance with 18 C.F.R § 35.19a, when the annual refund obligation for Transmission Customers (exclusive of the Transmission Provider's Native Load Customers) reaches \$100,000. The annual period will commence on January 1 every year and end on December 31. Penalty revenues in one year will not be carried over into subsequent years.

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SCHEDULE 7

Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth in Appendix A or Appendix B to this Schedule 7 unless the pricing provisions of Attachment T related to redispatch or the construction of new facilities apply.

Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer initiated requests for discounts (including requests for use by one's wholesale merchant or an [~~affiliate~~ Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission services rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.["

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POINT-TO-POINT TRANSMISSION SERVICE CHARGES

1. Rate Structure

The Customer shall pay Companies for Long-Term Firm Point-to-Point, Short-Term Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service and Distribution Service, as applicable in accordance with the provisions of Paragraphs 3 - 7 of this Appendix A.

- Resales: The rates and rules governing charges and discounts stated in this Schedule 7 shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.

2. Loss Factors

The following loss factors shall be applied, as applicable, on a cumulative basis to adjust metered (or scheduled) loads and Customer's net generation and purchased power on the load side of the Customer's meter to the Entergy Transmission System input level for all purposes under this Appendix A:

Type of Service	Loss Factor
Transmission Service	1.03
Distribution Transformation Service	1.01
Distribution Line Service	1.02

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SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Section 4 of Appendix A to Schedule 7 of this Tariff.

Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an ~~[affiliate]~~Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery of the Transmission System.

Resales: The rates and rule governing charges and discounts stated in this Schedule 8 or incorporated by reference from Schedule 7 shall not apply to resales of transmission services, compensation for which shall be governed by section 23.1 of the Tariff.

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ATTACHMENT A-1
Form Of Service Agreement For
The Resale, Reassignment Or Transfer Of
[~~Long-Term Firm~~]Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Entergy Services, Inc.), and _____ (the Assignee).
- 2.0 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
- 3.0 The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part II of the Transmission Provider's Tariff, except for those terms and conditions negotiated by the Reseller[~~, as identified below,~~] of the reassigned transmission capacity (pursuant to Section 23.1 of this Tariff) and the Assignee[~~and appropriately specified in this Service Agreement. Such negotiated terms and conditions~~], to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section 23.2 of this Tariff.
- 4.0 The Transmission Provider shall credit [~~or charge~~]the Reseller[~~, as appropriate,~~] for [~~any difference between~~]the price reflected in the Assignee's Service Agreement [~~and the Reseller's Service Agreement with the Transmission Provider~~]or the associated OASIS schedule.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Entergy Services, Inc.:

Interconnection Arrangements Administrator
Entergy Services, Inc.
P.O. Box 61000
New Orleans, LA 70161

Assignee:

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point(s) to the Transmission System; and (5) transmission arrangements on the external transmission system(s).

- 2.4 In addition to the information required in Section 2.3, the Transmission Customer must also provide: (1) any operating restrictions (periods of restricted operation, maintenance schedules, minimum loading level of resource, normal operating level of resource); and (2) approximate variable generating cost (\$/MWH) for redispatch computations. The information required by this Section 2.4 shall be masked on OASIS to prevent the release of commercially sensitive information. If no operating constraints are specified in the contract, or if no such constraints are relevant to an owned generation resource being designated, then such information should be reflected in the information posted on OASIS.

4. Providing Information to Verify New Network Resources

- 4.1 Information Required for Generating Facilities. For requests to designate generating facilities as Network Resources, Network Customers will provide a standard "attestation" ~~[form]~~ pursuant to section 29.2(viii) of the Tariff. verifying that (1) the portion of the generating facility's output to be designated as a Network Resource is not committed for sale on a firm basis to non-designated third-party load and may only be curtailed for reliability reasons necessary to serve native load, and (2) where the generating facility is not directly interconnected with the Transmission System, a firm transmission path has been established by the Customer to a point of delivery on the Transmission System. The ICT shall verify the firmness of the Network Customer's transmission arrangements on other systems. Conditional Firm Point-to-Point Transmission Service is sufficiently firm to import a designated network resource. However, designation of Network Resources within the Entergy Control Area on a conditional firm basis will not be allowed.

~~[——— Entergy has included the standard attestation form. This form is also posted on Entergy's OASIS.]~~

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- 4.2 Information Required for Power Purchase Agreements. For requests to designate power purchase agreements as Network Resources, Network Customers will provide (1) a standard “attestation” ~~[form]~~ pursuant to section 29.2(viii) of the Tariff, verifying that the power purchase contract meets the standards for designating a Network Resource and may only be curtailed for reliability reasons necessary to serve Native Load; and (2) a firm transmission path has been established by the Customer to a point of delivery on the Transmission System. The ICT shall verify the firmness of the Network Customer’s transmission arrangements on other systems. Conditional Firm Point-to-Point Transmission Service is sufficiently firm to import a designated Network Resource. However, designation of Network Resources within the Entergy Control Area on a conditional firm basis will not be allowed. The “standard” attestation ~~[form]~~ pursuant to section 29.2(viii) of the Tariff must be provided for each request, even if the contract has been previously submitted for another request.
- 4.2.1 An option contract may be designated as a Network Resource once the option is exercised to convert the transaction to a capacity purchase and the remaining Network Resource designation requirements are met.
- 4.2.2 A firm liquidated damages (“LD”) contract may be designated as a Network Resource as long as the contract contains a “make whole” LD provision, such as that found in the EEI Master Contract’s Firm LD Product and the WSPP Schedule C agreement. A “make whole” LD provision obligates the supplier, in the case of interruption for reasons other than force majeure, to make the aggrieved buyer financially whole by reimbursing them for the additional costs, if any, of replacement power. Conversely, contracts containing LD provisions that provide penalties at a fixed amount, or that otherwise do not require the seller to pay an aggrieved buyer the full cost of replacing interrupted power, are not acceptable.
- 4.2.3 A Transmission Customer may not designate as a Network Resource a “seller’s choice” power purchase agreement which is sourced by generating units internal to Entergy’s Control Area.

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4.3 Timing of Submitting Required Information.

- 4.3.1 For Preconfirmed requests, the standard attestation ~~[form]~~ pursuant to section 29.2(viii) of the Tariff must be submitted at the time the request to designate the Network Resource is submitted. If the information required herein is not available at the time the request is submitted (e.g., where execution of the contract is contingent on the availability of transmission service), the Transmission Customer may still submit a request to designate the Network Resource, but should not submit the request as "Preconfirmed."
- 4.3.2 For Network Resource requests that are not Preconfirmed, the Customer must provide information described herein no later than at the time the request to designate the Network Resource is "Confirmed."
- 4.3.3 If the Network Customer does not include the attestation when it confirms the request or when it submits a pre-confirmed request, the ICT must notify the Network Customer within 15 days of confirmation that its request is deficient. Whenever possible, the ICT shall attempt to remedy deficiencies in the request through informal communications with the Network Customer. If such efforts are unsuccessful, the ICT shall terminate the Network Customer's request and change the status of the request on OASIS to "retracted." This termination shall be without prejudice to the Network Customer submitting a new request that includes the required attestation. The Network Customer shall be assigned a new priority consistent with the date of the new request.

- 4.4 Method of Submitting Required Information. The ~~[standard attestation forms and any other required information should be faxed to the following fax number: (501) 663-1763. Once the procedures described in this section become effective, the]~~ ICT shall post business practices governing the procedures that will ~~[notify Network Customers of the fax number to be used when submitting the information required herein]~~ be used to submit required "standard" attestations when designating Network Resources.

5. Secondary Network Service

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- 5.1 Secondary Network Service must be requested in accordance with Section 18 of the Tariff, including the timing restrictions of Section 18.3.
- 5.2 A Transmission Customer may not use Network Service, instead of Point-to-Point Service, to deliver short-term energy purchases to the Transmission System that were not used to serve native load. Secondary Network Service may not be used for the purpose of serving off-system sales.

[FORM FOR]
[DESIGNATION OF]
[NETWORK RESOURCES]

~~[As stated in Section 30.7 of Tariff, the Transmission Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a Network Resource. Alternatively, the Transmission Customer may establish that execution of a contract is contingent upon the availability of Network Integration Transmission Service under Part III of the Tariff. This form signifies that a valid contract has been executed or that a valid contract is contingent ONLY upon the availability of Transmission Service.]~~

~~[Please Fax form to the ICT Next Day office.]~~

~~[Customer: _____]~~

~~[Contract Reference #: _____]~~

~~[OASIS _____ ID(s) _____ #: _____]~~

~~[Note: If the request is "Preconfirmed," the OASIS ID number may be submitted as soon as it is received.]~~

~~[The transmission customer may fulfill the requirements of this form by completing either Option 1 or Option 2, set forth below.]~~

~~**[OPTION 1: Designation of Generation Facility owned or leased by the Transmission Customer:]**~~

~~[Step 1: Identify the OASIS IDs to which the proposed designation of generation facilities owned or leased by the Transmission Customer applies:]~~

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[RESERVED FOR FUTURE USE]

[Step 2: Check the following applicable boxes:]

- ~~[(a)] [The Network Resource is not committed for sale on a firm basis to non-designated third-party load.]~~
- ~~[(b)] [The Network Resource is able to meet Network Load on a non-interruptible basis.]~~
- ~~[(c)] [The generating facility is deliverable to the Transmission System because either:]~~
- ~~[(i)] [The generating facility is directly interconnected with the Transmission System; or]~~
- ~~[(ii)] [The generating facility is not directly interconnected with the Transmission System, but a firm transmission path is established by the Transmission Customer to a point of delivery on the Transmission System.]~~

[Step 3: If the Transmission Customer checked the box c.ii. above, please indicate in the spaces below the Transmission Provider(s) and external OASIS IDs related to the firm transmission path.]

<u>[Transmission Provider]</u>	<u>[OASIS ID(s)]</u>

[NOTE 1: If the Transmission Customer cannot check boxes a) through c), then the Transmission Customer cannot designate a generation facility that it owns or leases as a Network Resource.]

[OPTION 2: Designation of a Power Purchase Contract as a Network Resource.]

[Step 1: Identify the OASIS IDs to which the proposed designation of executed power purchase agreements applies:]

[

_____]

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[RESERVED FOR FUTURE USE]

~~[Step 2: Check the following applicable boxes:]~~

- ~~[a)] [The purchase is under a finalized contract because either:]~~
- ~~[— i) [The purchase is under an executed contract; or]~~
- ~~[— ii) [The purchase is under an unexecuted contract, but execution is —
— contingent ONLY upon the availability of Transmission Service.]~~
- ~~[b)] [The purchase is a firm power purchase that allows for interruption only
for reliability reasons, not economic reasons.]~~
- ~~[c)] [The terms of the contract do not enable the Transmission Customer to
avoid the financial consequences of owning a generating unit or
committing to a purchase because either:]~~
- ~~[]~~
- ~~[i)] [The contract commits the Transmission Customer to pay for the
purchase; or]~~
- ~~[ii)] [The contract is an option contract but the option is exercised to
convert the transaction to a capacity purchase and the
remaining Network Resource designation requirements are
met.]~~
- ~~[d)] [The contract is supplied by generating facilities that are deliverable to
the Transmission System because either:]~~
- ~~[i)] [The generating facility is directly interconnected with the
Transmission System; or]~~
- ~~[ii)] [The generating facility is not directly interconnected with the
Transmission System, but a firm transmission path is
established by the Transmission Customer to a point of delivery
on the Transmission System.]~~
- ~~[e)] [The contract is a Liquidated Damages Contract with a “make whole”
provision.]~~

~~[Step 3: If the Transmission Customer checked the box d.ii. above, please
indicate in the spaces below the Transmission Provider(s) and external
OASIS IDs related to the firm transmission path.]~~

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[Transmission Provider]	[OASIS ID(s)]

~~[NOTE 2: If the Transmission Customer cannot check boxes a) through d), then the Transmission Customer cannot designate a power purchase contract as a Network Resource.]~~

[Signed by: _____ Printed Name: _____]

[Company: _____ Title: _____]

[Date: _____]

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