

Escrow Fund Requirements (02/01/2005)

Pursuant to Sections 17.3 and 29.2 of Western's updated Open Access Transmission Service Tariff (excerpt included below); the Transmission Customer has the option to establish an escrow fund in lieu of a submitted deposit to the Transmission Provider to allow the Transmission Customer to receive interest on the deposit requirement.

"Deposit and Processing Fee: For firm Transmission Service requests of one year or longer, a Completed Application for Firm Point-To-Point Transmission Service also shall include: 1) a non-refundable processing fee; and, 2) a deposit of either one month's charge for Reserved Capacity (not to exceed \$100,000) submitted to the Transmission Provider, **or the same amount deposited into an escrow fund setup by the Transmission Customer.** The specific requirements for the escrow fund will be posted on the Transmission Provider's OASIS."

The escrow fund is released by Western pursuant to the provisions of the Tariff, and in the case where service is ultimately taken the escrow fund is released following receipt of the Transmission Customer's payment for the first month of service for the applicable transmission service reservation for which the deposit was required.

The specific requirements related to the escrow fund are as follows (and will be updated from time to time, as necessary):

1. The Transmission Customer shall be responsible for working with a federally chartered financial institution to establish an escrow fund and associated trust agreement between the Transmission Customer and financial institution.
2. The Transmission Customer shall be solely responsible for the setup costs and administrative fees associated with the escrow fund.
3. The Transmission Customer shall place the required deposit, as specified by the Western, in the escrow fund.
4. The Transmission Customer shall execute an Escrow Fund Agreement (Agreement) with Western. The Agreement shall include provisions authorizing Western to control disbursements from the escrow fund.
5. The escrow fund shall be established, Agreement executed, and a copy of the executed trust agreement between the Transmission Customer and financial institution shall be provided to Western pursuant to the timing requirements posted on the appropriate Western regional office's OASIS.

At a minimum, the Agreement between the Transmission Customer and Western shall include the following general provisions, and the Transmission Customer will need to contact the appropriate Western regional office for detailed requirements for the Agreement:

- i. “The escrow fund shall be established with a federally chartered banking institution as Trustee for the Transmission Customer.”
- ii. “The escrow fund shall be established pursuant to a trust agreement entered into between the Transmission Customer and the Trustee. Copies of such trust agreement, and any amendments thereto, shall be furnished to Western.”
- iii. “The Trustee shall invest the assets of the escrow fund in any federally backed or insured investments, including repurchase agreements with public depositories, United States Treasury securities, securities issued by an agency of the United States Government, and commingled funds maintained by the Trustee that are oriented toward such investments.”
- iv. “The Trustee’s records and accounts of all investments, receipts, and disbursements related to the escrow fund shall be open to inspection by Western at all reasonable times. Upon receipt of a deposit from the Transmission Customer, the Trustee shall provide Western with a confirmation statement of such receipt.”
- v. “The Trustee shall not disburse funds from the escrow fund to Western, and shall not disburse funds from the escrow fund to the Transmission Customer except upon termination of this Agreement as outlined herein.”
- vi. “The escrow fund and the trust agreement shall be terminated only upon termination of this Agreement or upon mutual agreement by the Transmission Customer and Western. Western shall release the escrow fund requirement pursuant to the provisions of its Open Access Transmission Service Tariff. Upon termination of this Agreement, the funds in the escrow fund shall be withdrawn and distributed to the Transmission Customer.”

Any questions concerning the escrow fund should be directed to:

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