

REPLACEMENT SERVICE AGREEMENT
for
NETWORK INTEGRATION
TRANSMISSION SERVICE
executed by the
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
acting by and through the
BONNEVILLE POWER ADMINISTRATION
and
FULL NAME OF CUSTOMER

- 1) This REPLACEMENT SERVICE AGREEMENT (Agreement), dated as of _____, is entered into, by and between the Bonneville Power Administration (Transmission Provider) and [Customer Name] (Transmission Customer) (each Party and collectively Parties). This Agreement replaces in its entirety the Service Agreement between Transmission Provider and Transmission Customer dated _____, contract number _____.
- 2) The Transmission Customer has been determined by the Transmission Provider to be eligible, as of the effective date of this Agreement, for Network Integration Transmission Service under the Transmission Provider's Open Access Transmission Tariff (Tariff).
- 3) Service under this Agreement shall commence on October 1, 2003. This Agreement shall terminate on September 30, 2023, or on such earlier date as mutually agreed to by Transmission Provider and Transmission Customer.
- 4) The Transmission Provider shall provide firm transmission service over its Transmission System to the Transmission Customer for the delivery of capacity and energy from its designated Network Resources to serve its actual Network Loads in accordance with the Tariff and the terms and conditions of this Agreement. Transmission Provider shall plan, maintain, operate and construct the Transmission System that is sufficient to provide such firm transmission service for all Network Load over the Transmission System.

- 5) Notwithstanding any provisions of the Tariff to the contrary, as such Tariff may be amended or revised from time to time, for the term of this Agreement the Transmission Provider shall provide to the Transmission Customer Network Integration Transmission Service that conforms in all respects to the following provisions:
- a) **Network Integration Transmission Service.** The Transmission Provider agrees to provide Network Integration Transmission Service between designated Points of Receipt and Points of Delivery up to the actual Network Load.
 - b) **Designation of New Network Resources.** The Transmission Customer may designate a new Network Resource by providing the Transmission Provider with as much notice as reasonably practicable. If at the time of the designation of a new Network Resource or new Network Load Transmission Provider has transmission capacity available on the Transmission System that can satisfy such request, Transmission Provider shall satisfy such designation from such available transmission capacity.
 - c) **Deletion and Addition of Points of Receipt and Points of Delivery.** Upon reasonable notice, Transmission Customer may delete, in whole or in part, its use of a Point of Receipt or Point of Delivery listed in Exhibit A to this Agreement and such Exhibit A shall be amended to reflect such deletion. Upon reasonable notice, Transmission Customer may add a new Point of Receipt or Point of Delivery, or increase its use of a Point of Receipt or Point of Delivery listed in Exhibit A to this Agreement, if transmission capacity is available that can satisfy such request. If such transmission capacity is not available and if new transmission facilities are needed to provide such transmission capacity, Transmission Customer shall have the option of agreeing to pay the costs of installing the necessary Transmission System facilities to accommodate such request in accordance with the provisions of the then applicable Tariff. Upon such agreement by the Transmission Customer, the request for increased or new use of a Point of Receipt or Point of Delivery shall be approved subject to the installation of such facilities necessary to accommodate the request for such increased or new use.
 - d) **Redispatch of Non-Federal Network Resources.** Solely in order to maintain the short-term reliability of the Transmission System, Transmission Customer agrees to redispatch non-federal Network Resources as requested by the Transmission Provider; provided, however, that prior to any such redispatch, Transmission Provider and Transmission Customer shall agree upon redispatch compensation for redispatch of such non-federal Network Resources.
 - e) **Annual Load and Resource Information Updates.** The Transmission Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts, consistent with those included in its Application pursuant to this Agreement, and such forecasts shall be used by Transmission

Provider in all matters related to the provision of Network Transmission Service under the Tariff and this Agreement; provided, however, that at its option, Transmission Customer may elect to have Transmission Provider provide such forecasts and Transmission Provider shall provide them. The Party providing such forecasts shall use forecast methodologies generally accepted in the electric utility industry in the Pacific Northwest.

- f) **Pricing.** Transmission Provider shall establish and maintain at all times during the term of this Agreement, and Transmission Customer shall pay, Transmission Provider's Network Integration Transmission Service rate. The Network Integration Transmission rate shall be based on the costs of the Transmission System and such other costs incurred by the Transmission Provider to provide Network Integration Transmission Service, other than the costs of facilities for which the Transmission Customer has agreed to pay. Such costs shall be included in the Network Integration Transmission Service rate on a rolled-in basis, without regard to location on the Transmission System.
- g) **Costs of Congestion.** The Transmission Provider shall spread Congestion Costs and Redispatch Costs incurred to provide Network Integration Transmission Service to all Network Integration Transmission Service customers.
- h) **Customer-Served Load Billing Determinant.** The billing determinant for Network Integration Transmission Service for Transmission Customers who have declared Customer-Served Load shall be the difference between Network Load and its Customer-Served Load. Such Transmission Customer shall be subject to penalties specified in the applicable transmission rate schedule for failure to conform to the requirements of Customer-Served Load.
- i) **Scheduling.** Transmission Customer may schedule any or all of its Network Resources to serve its expected Network Load in preschedule and real-time without making a reservation of transmission capacity other than this Agreement. Transmission Provider shall transmit all scheduled energy and capacity to actual Network Load. Transmission Customer shall have a right to schedule its Network Load in the Transmission Provider's Control Area as a single schedule and shall not require Transmission Customer to submit schedules on a Point of Delivery-by-Point of Delivery basis.

The Transmission Customer shall have the right to submit transmission schedules for deliveries of federal power from the Federal Columbia River Power System ("FCRPS") using the FCRPS as a single Network Resource and as a single Point of Receipt ("System Point of Receipt"), and shall not be required to specify Points of Receipt for individual federal generating resources.

- j) **Changes to Preschedule.** Transmission Customer may revise without penalty its transmission preschedule until as close to the delivery hour as practicable in order to better match resource dispatch and actual load. The parties shall use best

efforts to establish and maintain scheduling protocols that permit Transmission Customer to revise its preschedule without penalty after the close of the preschedule window and prior to the delivery hour.

- k) **Ancillary Services.** If requested by the Transmission Customer, the Transmission Provider shall offer to supply Ancillary Services to Transmission Customer. Transmission Customer will be entitled to self supply services that are designated as Ancillary Services pursuant to the then applicable Tariff, subject only to reasonable technical requirements that are necessary to ensure safety and reliability.
- l) **Real Power Losses.** The Transmission Customer is responsible for replacing real power losses resulting from Network Integration Transmission Service provided by the Transmission Provider pursuant to this Agreement and the Tariff. The Transmission Customer may replace such real power losses by purchasing such losses from the Transmission Provider, if the Transmission Provider offers such service, provision by a third party, or by scheduling back to the Transmission Provider such real power losses one hundred and sixty-eight (168) hours after time of delivery of the power for which loss compensation is required. The Transmission Customer may change the method for replacing real power losses no more frequently than once each quarter upon written notice to the Transmission Provider.

To determine the real power losses associated with service under this Agreement, the Transmission Provider shall separately calculate the average loss factor associated with the following four segments of the Transmission System: Network, Utility Delivery, DSI Delivery, and Southern Intertie. Such average loss factors shall be calculated or estimated for all transactions taking place on an annual basis on each segment, and shall be expressed as a uniform percentage applicable to the energy (kWh) delivered under this Agreement. Real power losses shall be charged based on this uniform percentage.

- m) **Transfer Service. [RESERVED]**
- n) **Generation Imbalance. [RESERVED]**
- o) **Reservation Priority.** Existing firm service customers (wholesale requirements and transmission-only, with a contract term of more than one-year), 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, Transmission Customer must agree to accept a contract term at least equal to a competing request by any new Eligible

Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service. 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 one-year or longer.

p) **Participation in Markets.** The Transmission Provider shall take no action nor adopt any policy that, directly or as a condition of obtaining service under this Agreement, requires or prohibits the Transmission Customer's participation in markets operated by a regional transmission organization or similar entity.

q) **Incorporation of 2001 Tariff Provisions by Reference.** Sections 13.6, 28.4, 30.8, 31.7, 33.4 and 33.5 of the Transmission Provider's Open Access Transmission Tariff effective October 1, 2001, are hereby incorporated by reference into this Agreement as if fully set forth herein.

6) In the event of a conflict between the provisions of this Agreement and the Tariff, the provisions of this Agreement shall prevail.

7) **Amendments to the Agreement.**

a) No oral or written amendment, rescission, waiver, modification, or other change of this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of Transmission Provider and Transmission Customer.

b) The Transmission Provider or the Transmission Customer may, at any time, propose to amend Section 5 of this Agreement. Such proposed amendment shall be offered to all Transmission Customers with Replacement Service Agreements for Network Integration Transmission Service. If two-thirds or more of such customers concur with the proposed amendment, the proposed amendment shall apply to the Transmission Customers which have executed such an amendment to Replacement Service Agreements for Network Integration Transmission Service. If two-thirds of the customers do not concur, then the amendment shall be withdrawn.

c) Exhibit A may only be revised upon the mutual agreement of the Transmission Provider and the Transmission Customer. Exhibit B shall be revised in accordance with the terms thereof.

8. **Dispute Resolution Procedures.**

a) **Internal Dispute Resolution Procedures.** Any dispute between a Transmission Customer and the Transmission Provider involving Transmission Service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a

designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon] by mutual agreement, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

- b) **External Arbitration Procedures.** Any arbitration arising under this Agreement shall be resolved by binding arbitration conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.
- c) **Arbitration Decisions.** Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.
- d) **Costs.** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: The cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or One half the cost of the single arbitrator jointly chosen by the Parties.
- e) **Rights Under The Federal Power Act.** Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

9. Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated in Exhibit B.
10. This Agreement shall be interpreted, construed, and enforced in accordance with Federal law.
11. This Agreement shall inure to the benefit of and be binding upon each Party and its successors and assigns.
12. This Agreement, including its Exhibits, constitutes the whole agreement between the Parties.
13. The Transmission Provider shall make available to the Transmission Customer any memoranda, agreements, letters of understanding or similar documents between the Transmission Provider and the BPA Power Business Line that deal with the operation of federal power resources, including without limitation for the purposes of redispatch and congestion management, and the operation of the FCRPS, including without limitation the allocation of Transmission System capacity.
14. Any waiver at any time by either the Transmission Provider or the Transmission Customer of their rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter.
15. *[Customer Option]* The Transmission Customer and the Transmission Provider agree that provisions of Section 3201(i) of Public Law 104-134 (Bonneville Power Administration Refinancing Act) are incorporated in their entirety and hereby made a part of this Tariff.
16. Transmission Provider and Transmission Customer agree that due to the unique nature of this Agreement, there is no adequate remedy at law for a breach of this Agreement, and further agree that the provisions of this Agreement are enforceable by specific performance and/or mandamus.
17. For purposes of this Agreement, capitalized terms used in this Agreement shall have the meaning provided by the Tariff unless an alternative definition is provided in this Agreement in which case the following definitions shall apply:
 - a) **Congestion Costs.** The costs of moving power across a transmission path during a period when the amount of power scheduled across such path exceeds the capability of the path to transfer such power and includes but is not limited to redispatch and load-shedding.

- b) **Network Integration Transmission Service.** Network Integration Transmission Service shall be the rights and obligations set forth in this Agreement and the Tariff.
- c) **Network Load.** Network Load shall mean the load that the Transmission Customer designates for Network Integration Transmission Service.
- d) **Point(s) of Delivery.** Point(s) of Delivery shall mean point(s) on the Transmission System, or point(s) on other utility systems, where capacity and energy transmitted by the Transmission Provider will be made available to the person or entity receiving such capacity and energy pursuant to this Agreement.
- e) **Point(s) of Receipt.** Point(s) of Receipt shall mean point(s) of interconnection on the Transmission System where capacity and energy will be made available to the Transmission Provider by the person or entity supplying such capacity and energy to be transmitted.
- f) **Redispatch Costs.** The costs of incurred to remove congestion from a constrained transmission path by paying generation owners to increase and/or decrease the operating level at which generating resources on either side of the transmission constraint.
- g) **Tariff.** Tariff shall mean the Transmission Provider's Open Access Transmission Tariff as adopted pursuant to applicable statutes and as finally approved by the Federal Energy Regulatory Commission or its regulatory successor.
- h) **Transfer Agreements.** Transfer Agreements shall mean those agreements that Transmission Provider has entered into with third parties to obtain transmission service on the systems of such third parties for the delivery of federal power in lieu of constructing Transmission System facilities to provide Network Integration Transmission Service to Transmission Customer's Network Load. Transfer Agreements includes General Transfer Agreements, the South Idaho Exchange (Contract No. DE-MS79-89BP92524) and their replacements.
- i) **Transmission System.** The facilities leased, owned, controlled or operated by the Transmission Provider or its contractor that are used to provide Network Integration Transmission Service under this Agreement, including at a minimum the facilities that comprise the "Federal transmission system" as that phrase is used and understood in P.L. 93-454.
- j) The following terms shall have the meaning ascribed to them in the Bonneville Power Administration Open Access Transmission Tariff effective October 1, 2001:

Ancillary Services
Control Area

Curtailment
Customer Served Load
Eligible Customer
Good Utility Practice
Native Load Customers
Network Resources
Reserved Capacity
Transmission Provider

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

CUSTOMER NAME

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: _____

By: _____

Name: _____
(Print/Type)

Name: _____
(Print/Type)

Title: _____

Title: _____

Date: _____

Date: _____

**EXHIBIT A
SPECIFICATIONS FOR
NETWORK INTEGRATION TRANSMISSION SERVICE**

1.0 Term of Transaction:

The term shall be as specified in section ____ of the Agreement .

2.0 Network Resources:

(a) **Generation Owned by the Transmission Customer:**

Resource	Capacity (MW)	Capacity Designated as Network Resource	Control Area

(b) **Power Purchased by the Transmission Customer:**

Source (Contract No.)	Capacity (MW)	Control Area (Delivered From)

(c) **Total Network Resources equals 2(a) + 2(b)**

3.0 Point(s) of Receipt:

(a) *[Insert Name]* **Substation**

Location:

Voltage: kV

Dynamic Schedule: *[Use only if it applies]* The resource at this Point of Receipt will utilize a *[one-way dynamic schedule / two-way dynamic schedule. (Choose one)]*

4.0 Points of Deliveryy:

- (a) **Description of Points of Delivery** *[If there are no transfer points of delivery subparagraph (b) below, delete this heading and start (a) with the "Name of Point of Delivery"]*

- (1) **[Insert the name of Point of Delivery]:**

Location:

Voltage:

Metering:

Metering Loss Adjustment: *[Use only if adjustment applies]* The Transmission Provider will adjust for losses between the Transmission Customer's Point of Delivery and point of metering. Such adjustments shall be specified in written correspondence between the Transmission Provider and the Transmission Customer.

Dynamic Schedule: *[Use only if it applies]* The load at this Point of Delivery shall be served via a [one-way dynamic schedule / two-way dynamic schedule. (Choose one)]

Exceptions: *[List any exceptions that apply, if none - delete]*

- (b) For purposes of this section 4(b), the following definitions shall apply:

“Name of Transfer Point” means the point where the Transmission Provider delivers power to the Intervening System.

“Point of Receipt from Intervening System” means the point where the Transmission Provider or a Third Party receives power from the Intervening System prior to delivery of power to the Point of Delivery.

- (1) **[Insert the Name of Transfer Point]:** *[List Point of Replacement here]*

Location:

Voltage:

The Transmission Provider's Point of Receipt from Intervening System: *[Include only if applicable]*

Transmission Customer Point of Delivery and Point of Metering: *[List the locations where the Transmission Customer takes final delivery of power from the transferor. If the point of metering is different than the point of delivery, list point of metering under a separate heading]*

Metering Loss Adjustment: *[Use only if adjustment applies, if none - delete]*

Exception: *[List any exceptions that apply, if none - delete]*

5.0 Network Load:

The Application provides the Transmission Customer's initial annual load and resource information. Annual load and resource information updates shall be submitted to the Transmission Provider at the address specified in Exhibit B, by September 30 of each year, unless otherwise agreed to by the Parties.

[Customer specific information shall be provided in sections 5.0 –9.0]

6.0 Designation of party(ies) subject to reciprocal service obligation:

7.0 Names of any Intervening Systems providing Transmission Service

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge:

8.2 System Impact and/or Facilities Study Charge(s):

8.3 Direct Assignment Facilities Charges:

8.4 Ancillary Service Charges:

9.0 Declared Customer-Served Load:

(a) Declared Customer-Served Load (CSL) is the monthly amount in megawatts of the Transmission Customer's Network Load that the Transmission Customer elects not to serve under this Service Agreement.

(b) Where a Transmission Customer's Network Load is served pursuant to a transmission agreement between the Transmission Provider and a third

party (which is not the Transmission Customer), in order for such load to qualify as a declared CSL, such transmission contract must be for Firm Transmission Service of at least one month to the Transmission Customer's system, and must include a point of delivery at the Transmission Customer's system. The amount of such load which will be treated as a declared CSL is limited to the demand amounts at the point of delivery set forth in such transmission agreement.

(c) Identify for all CSL: [If Transmission Customer has a Canadian Storage Power Exchange (CSPE) agreement, list the contract no. only.]

(1) **[Insert the name of Resource #1]**

(A) *Amount:* (monthly kW) [Include amounts by month for five years]

(B) *Supplied by:* (Transmission Supplier)(If BPA: Contract No. 97TX-xxxxx)

(C) *Control Area Delivered From:*

(D) *Primary point of delivery on (Transmission Customer) system:*

**EXHIBIT B
NOTICES**

1. NOTICES RELATING TO PROVISIONS OF THE SERVICE AGREEMENT

Any notice or other communication related to this Service Agreement, other than notices of an operating nature (section 2 below), shall be in writing and shall be deemed to have been received if delivered in person, First Class mail, by telefax or sent by acknowledged delivery.

If to the Transmission Customer:

Customer Name
Address
City State
Attention: [Name of Customer
Contact]
Title:
Phone: () ___-____
Fax: () ___-____

If to the Transmission Provider:

Bonneville Power Administration
P. O. Box 491
Vancouver, WA 98666-0491
Attention: Transmission Account
Executive for [Customer Name] - TM-
Ditt2
Phone: (360) 418-____
Fax: (360) 418-____

2. NOTICES OF AN OPERATING NATURE

Any notice, request, or demand of an operating nature by the Transmission Provider or the Transmission Customer shall be made either orally or in writing by telefax or sent by First Class mail or acknowledged delivery.

If to the Transmission Customer:

Customer Name
Address
City State
Attention: [Name of Customer
Contact]
Title:
Phone: () ___-____
Fax: () ___-____

If to the Transmission Provider:

Bonneville Power Administration
Address
City State
Attention: [Name of Contact]
Title:
Phone: () ___-____
Fax: () ___-____

3. SCHEDULING AGENT

The Transmission Customer has designated the following scheduling agent.

Scheduling Agent Name
Address
City State
Attention: [Name of Contact]
Title:
Phone: () ___-____

Fax: () ____-____
Function(s):