

DIRECT TESTIMONY OF JOHN L. SEELKE, JR.
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ON BEHALF OF

JEA

DOCKET NO. 020233-EI

DOCUMENT NUMBER: 10398

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FPSC-COMMISSION CLERK

1 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

2 A. My name is John L. Seelke, Jr. And my business address is New Energy
3 Associates, 400 Interstate North Parkway, Suite 1400, Atlanta, Georgia 30339.

4 **Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

5 A. I am Vice President, Consulting with New Energy Associates, a consulting and
6 software firm that was formed in 1997. New Energy Associates, LLC, is a
7 privately held company incorporated in the state of Delaware with headquarters in
8 Atlanta, Georgia. New Energy has more than twenty-five years experience in
9 energy operations and planning for both electric and gas industries. Prior to 1997,
10 our business developed and grew under the ownership of EDS Utilities
11 (Electronic Data Systems) and Energy Management Associates.

12 **Q. WHAT ARE YOUR JOB DUTIES AS VICE PRESIDENT, CONSULTING
13 OF NEW ENERGY ASSOCIATES?**

14 A. I perform consulting services and manage consulting projects for New Energy's
15 clients.

16 **Q. WOULD YOU PLEASE DESCRIBE YOUR EDUCATION AND
17 BACKGROUND?**

18 A. I graduated Phi Beta Kappa from the University of South Carolina receiving a
19 Bachelor of Science in Electrical Engineering degree in 1970. I was awarded a
20 Master of Science in Electrical Engineering degree from the University of
21 Pittsburgh in 1972 and a Masters of Science degree in Management from Florida
22 International University in 1978. I have been a registered professional engineer in
23 the State of Florida since 1976.

1 **Q. WOULD YOU PLEASE PROVIDE A BRIEF HISTORY OF YOUR**
2 **TRAINING AND EXPERIENCE IN THE ELECTRIC UTILITY**
3 **INDUSTRY?**

4 A. I have over thirty-two years of experience in numerous facets of the electric utility
5 industry. I began my career as an engineer at Westinghouse Electric Corporation
6 Advanced Systems Technology Department. I was then employed by Florida
7 Power & Light from 1974 to 1985, where I held various engineering and
8 management positions. My last position was Director of Strategic Planning. I
9 then briefly served as President of a start-up company in California that was
10 focused on hospital cogeneration applications prior to joining Energy
11 Management Associates (New Energy's predecessor) in 1986. In 1989 I joined
12 Florida Power Corporation with responsibilities in cogeneration power
13 procurement and contract administration. In 1991, I formed my own consulting
14 firm, and in 1999 I joined New Energy Associates. My resume is attached as
15 Exhibit _____ (JLS-1).

16 **Q. ARE YOU A MEMBER OF ANY PROFESSIONAL ASSOCIATIONS?**

17 A. Yes. I am a member of the Institute of Electrical and Electronic Engineers
18 (IEEE).

19 **Q. PLEASE DESCRIBE YOU PUBLICATIONS IN THE ELECTRIC**
20 **ENERGY FIELD.**

21 A. In October 1982, I authored "Assessing the Benefits of Load Control" that was
22 published in the IEEE Transactions on Power Apparatus and Systems, Vol. PAS-
23 101, pg. 3892-3901.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED AS AN EXPERT WITNESS**
2 **BEFORE REGULATORY AGENCIES AND IN JUDICIAL**
3 **PROCEEDINGS?**

4 A. Yes. I have been qualified and testified as an expert witness in the electric utility
5 industry in approximately 10 proceedings before the Florida Public Service
6 Commission, the Public Service Commission of West Virginia, the Public Utility
7 Commission of Texas, the Fifteenth Judicial Circuit in Palm Beach County,
8 Florida, the United States Bankruptcy Court, Middle District of Florida and the
9 United States District Court in Nebraska.

10 **Q. AT THIS TIME I WOULD TENDER MR. SEELKE AS AN EXPERT IN**
11 **THE FIELDS OF ELECTRIC UTILITY STRATEGIC PLANNING,**
12 **POWER SYSTEM PLANNING, OPERATIONS, GENERATION SITE**
13 **SELECTION, DISTRIBUTED GENERATION ANALYSIS, LOCATIONAL**
14 **PRICE FORECASTING, ECONOMIC AND FINANCIAL ANALYSIS AND**
15 **ELECTRIC PRICING.**

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?**

17 A. The purpose of my testimony today is to present JEA's proposed mitigation
18 mechanism to address the revenue losses JEA would experience as a Participating
19 Owner (PO) in the proposed GridFlorida Regional Transmission Organization
20 (RTO) due to the termination of JEA's short-term wheeling revenues immediately
21 upon the commercial operation of GridFlorida.

22 **Q. PLEASE DESCRIBE JEA'S CURRENT SHORT-TERM WHEELING**
23 **RATE STRUCTURE.**

1 A. JEA's current short-term wheeling rates are contained in Schedules 7 (Firm
2 Service) and Schedule 8 (Non-Firm Service) of JEA's Open Access Transmission
3 Tariff (OATT) attached to this testimony as Exhibit _____ (JLS-2). Customers
4 taking either Firm or Non-Firm Service are required to purchase certain ancillary
5 services from JEA. These include Schedule 1 (System Control and Dispatch
6 Service) and Schedule 2 (Reactive Supply and Voltage Control Service). While
7 this tariff does not have to be approved by the Federal Energy Regulatory
8 Commission (FERC), it does conform to the FERC's Order 888 *pro forma* tariff
9 in all but a few administrative areas that are appropriate for a municipal utility.
10 For example, in FERC's *pro forma* tariff, certain disputes between the
11 Transmission Provider and the Transmission Customer are not subject to dispute
12 resolution procedures and instead are subject to resolution by the FERC. Since
13 the FERC does not regulate JEA, the dispute resolution procedure found in
14 Section 12 of the tariff provides a mechanism to address those disputes that would
15 otherwise be subject to FERC resolution. With respect to its rates, they were
16 developed by JEA in consultation with Stone & Webster based upon cost-of-
17 service principles similar to those used by the FERC jurisdictional utilities.

18 **Q. HOW WOULD JOINING GRIDFLORIDA IMPACT A UTILITY WITH**
19 **RESPECT TO ITS SHORT-TERM TRANSMISSION REVENUES AND**
20 **EXPENSES?**

21 A. They would lose all short-term revenues for transmission service, also referred to
22 as short-term wheeling revenues. Short-term wheeling revenues are for
23 transmission service that is for a term of one year or less. POs in GridFlorida will

1 pay a single non-"pancaked" rate for transmission service within the GridFlorida
2 transmission system. While a single rate, it will have several component charges:
3 a zonal rate, a grid management charge, an system-wide rate charge for new
4 transmission facilities, and a *pro rata* share of transmission-dependent utilities
5 revenue requirements. The elimination of "pancaked" transmission charges will
6 be an economic loss to current sellers of transmission service; however, their
7 elimination will be an economic benefit to current buyers.

8 **Q. WHAT DO YOU MEAN BY MULTI-TIERED OR "PANCAKED"**
9 **TRANSMISSION CHARGES?**

10 A. Under the current transmission pricing regime, customers pay two or more
11 charges for transmission when their utility buys power from any resource that is
12 not interconnected to their utility's transmission system. For example, suppose
13 their utility purchases power from an adjacent utility. Their customers will pay a
14 transmission service charge for the use of the selling utility's transmission system.
15 In addition, they will pay a charge (which is embedded in their own utility's retail
16 rates) for the use of the their own utility's transmission system. These two
17 charges are commonly referred to as multi-tiered or "pancaked" transmission
18 charges. Under an RTO, the selling utility's charge will be eliminated.

19 **Q. WHAT HISTORIC LEVEL OF SHORT-TERM REVENUES WOULD**
20 **FLOIRDA UTILITIES BE SUBJECT TO LOSING BY THE**
21 **ELIMINATION OF "PANCAKED" RATES?**

22 A. Exhibit ____ (JLS-3) shows the 2000 and 2001 data on short-term transmission
23 revenues that were provided in response to JEA interrogatories sent to the Florida

1 utilities that are parties to this proceeding. The years 2000 and 2001 are
2 presented because these were the only years for which all the companies provided
3 data. As the exhibit shows, JEA's short-term transmission revenues on a dollar
4 basis, as well as on a dollar per MWh basis, are the largest of all the reporting
5 Florida utilities.

6 **Q. WHY DIDN'T YOU DEDUCT SHORT-TERM TRANSMISSION**
7 **EXPENSES FROM THE REVENUES TO ARRIVE AT A NET**
8 **TRANSMISSION REVENUE FIGURE?**

9 A. The data received on short-term expenses had numerous reporting issues
10 described later in my testimony.

11 **Q. DID YOU ENCOUNTER ANY PROBLEMS IN INTERPRETING THE**
12 **SHORT-TERM TRANSMISSION REVENUE DATA?**

13 A. No. The short-term transmission revenue data seemed to be fairly consistent.
14 Short-term transmission revenue is derived from two sources. One source is from
15 third parties who pay for the use of the transmission system. A second source is
16 transmission revenue paid by the utility for sales it makes from its own generation
17 to others.

18 **Q. WHY WOULD YOU INCLUDE REVENUES PAID BY A UTILITY FOR**
19 **THE USE OF ITS OWN TRANSMISSION SYSTEM?**

20 A. Under Order 888, a utility is required to charge itself for transmission service on
21 the same basis as it charges others. Therefore, a charge for the use of its own
22 transmission must be included in the sales price charged other utilities. The
23 revenues associated with use of its own transmission system would also be lost in

1 an RTO. This self-charged revenue is collected from the party buying the utility's
2 power. Let me illustrate with an example. Suppose that a utility sells power to an
3 adjacent utility, and that the selling utility's power price (without transmission
4 cost) is \$20 per MWh. In addition, suppose it must charge itself \$3 per MWh for
5 transmission service. It would therefore sell its power for \$23 per MWh to its
6 neighbor. In this hypothetical sale, the selling utility received \$3 per MWh for the
7 use of its own transmission system.

8 **Q. WOULD SELF-CHARGED WHEELING REVENUES AND EXPENSES**
9 **CANCEL EACH OTHER OUT?**

10 A. Internally, they do cancel out. In the example above, the utility's bulk power
11 marketing department selling the power would show revenues of \$23 per MWh
12 and an expense that it would pay to its own transmission department for internal
13 transmission of \$3 per MWh. This \$3 per MWh charge would be posted as
14 revenue to the utility's transmission department. The bulk power marketing
15 department would show net revenue of \$20 per MWh and the transmission
16 department would show revenue of \$3 per MWh. Internally the \$3 per MWh
17 revenue and expense cancel each other out. However, the utility collected an
18 additional \$3 per MWh more from the buyer of the power than it would have
19 otherwise collected had it not charged itself for its own transmission service.
20 None of the transmission expense data submitted by the companies in response to
21 JEA's discovery requests showed transmission expenses for the use of each
22 utility's own transmission system. Instead, it was properly shown as revenue.

23 **Q. HOW DOES THE SHORT-TERM REVENUE DATA IN EXHIBIT**

1 _____(JLS-3) DIFFER FROM DATA PREVIOUSLY PROVIDED BY THE
2 APPLICANTS (FLORIDA POWER & LIGHT, FLORIDA POWER
3 CORPORATION, AND TAMPA ELECTRIC COMPANY) TO THE
4 COMMISSION STAFF IN RESPONSE TO THE STAFF'S APRIL 22, 2002
5 DATA REQUEST?

6 A. In Staff Data Request No. 28, the Applicants provided data for estimated 2002
7 short-term transmission revenues. This data differed from the data in Exhibit
8 _____(JLS-3) in two ways: first, it appeared to exclude revenues that the utility
9 charges itself for internal transmission services and second, it was projected 2002
10 data, not 2000 and 2001 actual data.

11 Q. WHAT PROBLEMS DID YOU ENCOUNTER IN INTERPRETING THE
12 SHORT-TERM TRANSMISSION EXPENSE DATA PROVIDED BY THE
13 COMPANIES IN RESPONSE TO JEA'S INTERROGATORIES ?

14 A. The expense data provided had more problems than the revenue data provided
15 because a utility may incur transmission expenses in two ways: it may incur an
16 expense on the power that its sells to another utility when it is wheeled through an
17 intermediate utility, or it may pay for transmission included (bundled) in the
18 power that it purchases. For example, if JEA sold power to the Orlando Utilities
19 Commission, it would need to wheel through Florida Power & Light, and
20 therefore it would incur a transmission expense to FPL for that sale. However,
21 Orlando, as the final destination for that power, is the utility that really pays for
22 that wheeling since JEA would add the FPL wheeling expense to its price of
23 power. Therefore, in reporting this transaction, one would ideally want Orlando

1 to have reported the FPL wheeling expense and not JEA, even if Orlando did not
2 directly pay for it. Florida Power Corporation's response to JEA's interrogatories
3 summarizes this particular data-tracking problem. In their response, Florida
4 Power Corporation stated that they had provided short-term transmission expense
5 information

6 where FPC specifically reserved or purchased short-term transmission service
7 related to a purchased power transaction. FPC may have other purchased power
8 transactions where the transmission service costs are included (bundled) in the
9 purchased power price.

10 [Florida Power Corporation response to Interrogatory No. 4 of JEA's First Set of
11 Interrogatories]

12 All companies, including JEA, face a similar data problem.

13 Another problem with the data involves short-term wheeling expenses
14 associated with exports. For purposes of computing short-term wheeling expense
15 that would be avoided by Florida utilities due to the formation of GridFlorida, one
16 would only want to count transmission expenses paid by Florida load to other
17 Florida utilities. One would not want to count transmission expenses associated
18 with sales to non-Florida loads (exports) since these expenses would not be
19 avoided by Florida utilities. Even though the data provided in response to JEA's
20 interrogatories listed the party that the respondent purchased wheeling from, the
21 respondents (with the exception of Florida Power Corporation) did not indicate
22 whether their purchase of wheeling was associated with serving their own load or
23 whether it was used for exporting power.

24 **Q. SHOULD SHORT-TERM REVENUES BE CALCULATED ON THE**
25 **SAME BASIS AS SHORT-TERM EXPENSES BY ALSO EXCLUDING**

1 **REVENUES THAT ARE ONLY PAID BY FLORIDA LOADS?**

2 A. No. Utilities within Florida that collect wheeling revenues associated with a sale
3 outside of Florida will lose those revenues. However, the non-Florida customers
4 who buy that power will benefit by their revenue loss.

5 **Q. HOW HAS GRIDFLORIDA PROPOSED TO ADDRESS SHORT-TERM**
6 **WHEELING REVENUE LOSS?**

7 A. Under the GridFlorida proposal, short-term wheeling revenues will be calculated
8 for a base year, which is the year beginning January 1 of the year prior to the year
9 that the RTO begins commercial operation. This represents the last full year
10 under the current “pancaked” transmission-pricing regime. [Applicants’ March
11 20, 2002 Compliance Filing, Docket No. 020233-EI, Volume 2, OATT,
12 Attachment T, section 7.2] However, not all base year short-term wheeling
13 revenues will be included. Wheeling revenues that were collected in the base year
14 associated with the sale of power outside of what will be GridFlorida are
15 excluded. Only revenues associated with Inter-Zonal Service are included. Inter-
16 Zonal service is defined as:
17 transmission service from one [GridFlorida] Transmission Rate Zone to another,
18 where the customer bears the transmission charges on both systems. Inter-Zonal
19 Service does not include service to load that is not located within the
20 [GridFlorida] Transmission System.

21 [OATT, Attachment T, section 7.1]

22 The lost base year short-term wheeling revenues are remitted to the PO in
23 20% declining increments over the first five years of GridFlorida operations (i.e.,
24 the first year the PO receives 80% of the revenues, the second year 60%, the third

1 year 40%, etc.) if GridFlorida has collected sufficient funds for their refund.

2 Whether or not sufficient funds have been collected in years one through five, in
3 the sixth year after the RTO's commercial operation, POs receive no
4 compensation for their base year short-term wheeling revenues.

5 **Q. WHAT IS THE SOURCE OF FUNDS THAT WILL BE USED FOR**
6 **FUNDING BASE YEAR SHORT-TERM WHEELING REVENUES?**

7 A. GridFlorida revenues from Short-Term Firm and Non-Firm Point-to-Point
8 Transmission Service will be the source of funding. [OATT, Attachment T,
9 section 7.2]

10 **Q. IN YOUR OPINION, WILL THIS SOURCE OF FUNDING BE**
11 **ADEQUATE TO FUND BASE YEAR SHORT-TERM WHEELING LOST**
12 **REVENUES?**

13 A. No.

14 **Q. PLEASE EXPLAIN.**

15 A. Point-to-Point Service will practically disappear within GridFlorida since
16 customers will pay one rate for transmission service for power that is generated
17 within GridFlorida. However, it may still exist for scheduled sales outside of
18 GridFlorida. Exports are often referred to as "through-and-out" sales, and they
19 are priced at a separate rate.

20 **Q. WHY IS THE GRIDFLORIDA MITIGATION METHOD INADEQUATE?**

21 A. This mitigation method is inadequate for two reasons. First, the major source of
22 JEA's short-term wheeling revenues is derived from imports into Florida and
23 sales within Florida, not exports. Therefore, assigning future exports as the

1 source of funding for a revenue loss that is composed of imports, internal Florida
2 sales and exports will certainly not generate sufficient revenues. Second, Florida
3 exports very little electricity compared to its imports. There is no “through”
4 revenue, since Florida’s grid is only interconnected to the north.

5 **Q. WHAT DOES JEA PROPOSE AS AN APPROPRIATE MITIGATION**
6 **MECHANISM FOR SHORT-TERM WHEELING REVENUE LOSSES?**

7 A. JEA proposes a two-part cost-mitigation method: one part to address net short-
8 term wheeling revenue losses that occurred in the base year for imports and
9 internal sales to GridFlorida POs and a second part to address lost wheeling
10 revenues attributable to exports. Base year net revenue losses between
11 GridFlorida POs would be recovered by fixed and pre-defined payments among
12 GridFlorida POs. Revenue loss associated with exports will be made up with
13 revenues derived from revenues collected by GridFlorida for through-and-out
14 transmission service.

15 **Q. PLEASE EXPLAIN HOW THE NET SHORT-TERM WHEELING**
16 **REVENUE LOSSES FOR BASE YEAR TRANSACTIONS BETWEEN**
17 **GRIDFLORIDA POS WILL BE PAID.**

18 A. For base-year transactions that served load in GridFlorida, every dollar of short-
19 term wheeling revenue lost by a GridFlorida PO is a benefit to another
20 GridFlorida PO. Within GridFlorida, the net impact is zero. However, upon
21 joining GridFlorida, some utilities will experience a windfall cost reduction due to
22 the elimination of “pancaking,” thereby benefitting their customers immediately.
23 Other utilities will experience a net loss of revenue, which means their customers

1 are harmed by joining GridFlorida.

2 JEA proposes that GridFlorida compute each PO's base year net lost
3 revenues for transactions that serve load within GridFlorida. Its net lost revenues
4 would be defined as the utility's historic short-term wheeling revenues less the
5 wheeling revenues of other GridFlorida utilities that it paid in its base year power
6 purchases. Utilities with negative net lost revenues would annually pay this base
7 year amount into an account that GridFlorida would administer for a five-year
8 period, and those dollars would be paid out annually to utilities with positive net
9 lost revenues. In effect, the POs that are "winners" would make the "losers"
10 whole for five years. At the end of the five-year period, this Commission would
11 assess whether to continue or cease the payments.

12 **Q. HOW WOULD THE INFORMATION FOR JEA'S PROPOSAL BE**
13 **COLLECTED?**

14 A. As previously described, wheeling revenues are already compiled by most Florida
15 companies' accounting systems. However, the cost of wheeling embedded in a
16 utility's purchases is more difficult to obtain. Fortunately, the North American
17 Electric Reliability Council (NERC) requires that transactions involving the
18 purchase and sale of power be "tagged" with information that would allow one to
19 determine which systems provided transmission service as well as the purchasing
20 utility (or "sink") for each transaction. Tag data on each transaction is already
21 submitted to the security coordinator for the Florida Regional Reliability Council
22 (FRCC). Tags are processed electronically, and the NERC requires that tag
23 information be available until at least 90 days after each transaction's "stop" time

1 for auditing purposes. The FRCC could implement procedures to extend this
2 record keeping activity so that a rolling 12-month history of information is
3 archived. GridFlorida could use this data to make the base year calculation of net
4 lost revenue on a PO-by-PO basis. In addition, FERC would determine the base
5 year lost revenues associated with exports that would be funded by future export
6 revenues, if any.

7 **Q. HOW MUCH WOULD THIS METHOD COST TO IMPLEMENT?**

8 A. I have not estimated the cost of implementation. However, the cost should be
9 captured and deducted from the payments made to those receiving net lost revenue
10 payments. With this approach, those that receive funds for the mitigation of
11 short-term lost wheeling revenues will pay for the administration of the program.

12 **Q. WHY IS THIS MECHANISM BETTER THAN THAT PROPOSED BY**
13 **THE APPLICANTS?**

14 A. For those who will experience loss of short-term wheeling revenues if they join
15 GridFlorida, the proposed method removes a significant financial barrier to
16 joining. First, it insures that net transmission revenues associated with serving
17 load will be recovered for at least a five-year period. Second, it appropriately uses
18 GridFlorida revenues for through-and-out service to fund lost wheeling revenue
19 that was derived from exports.

20 **Q. CAN YOU DESCRIBE AN ALTERNATIVE METHOD TO ALLOCATE**
21 **NET LOST REVENUES?**

22 A. Yes. An alternative method would be to calculate the net lost revenue on a PO-
23 by-PO basis as described above, but instead of having the “winners” fund the

1 “losers”, the net lost revenue of the “losers” would be totaled for the base year,
2 and this total would be recovered in the grid management charge that all POs pay.
3 The cost of data collection would also be recovered in the grid management
4 charge, while GridFlorida through-and-out revenues would be used to reduce the
5 grid management charge. Under this method, all POs (winners and losers) would
6 make up the net lost revenues by all of them paying a higher grid management
7 charge. Losers would not realize their total lost revenues because their losses
8 would be partially offset by higher grid management charges. Likewise, winners
9 would keep some of their gains.

10 **Q. WHY SHOULD THERE BE ANY MITIGATION OF SHORT-TERM**
11 **WHEELING REVENUE LOSSES AT ALL?**

12 A. It comes down to a question of basic fairness. Multi-tiered wheeling charges have
13 been the format in the United States for as long as interconnected operations have
14 been in place. Under this business format, transmission owners were
15 compensated for transmission service over their facilities and the elimination of
16 this compensation is a drastic change in the *status quo*. Therefore, a plan for
17 mitigating the lost revenues associated with the removal of multi-tiered charges is
18 appropriate. Nor is the concept novel.

19 Mitigating the effect of cost shifts is already an essential part of the
20 Applicant’s proposal. For example, the maintenance of zonal rates for the first
21 five years, followed by five years of transition (in years six through ten) to reach a
22 postage stamp rate was conceived to mitigate the effects of cost shifts. Multiple
23 transmission service charges under existing transmission agreements are kept for

1 the first five years and phased-out in years six through ten, again for the purpose
2 of mitigating cost shifts. Transmission-dependent utilities revenue requirements
3 are phased-in over the first five years, also for the purpose of mitigating cost
4 shifts. JEA is simply asking that its major cost shift, the loss of short-term
5 wheeling revenues, receive equal treatment from the Commission.

6 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

7 A. Yes.

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9

John L. Seelke, Jr.

Professional Summary

Mr. John L. Seelke, Jr., is Vice President, Consulting with New Energy Associates. Mr. Seelke has over thirty years experience in the numerous facets of the energy industry. He provides energy solutions to electric and gas utilities, energy consumers, and power project developers. His areas of expertise include: strategic planning, power system planning and operations, generation site selection, distributed generation analysis, demand-side management, locational price forecasting, economic and financial analysis, power marketing, power sales contracts/negotiations, interconnection agreements, transmission tariffs, natural gas end-use marketing, and electric pricing issues. He has provided expert testimony on numerous occasions before regulatory commissions and courts.

Professional Experience

Mr. Seelke was formerly Director of Strategic Planning at Florida Power & Light and Manager of Cogeneration Contracts at Florida Power Corporation. He had a variety of responsibilities over his 14 years with these utilities:

- Headed generation planning department which was responsible for expansion planning and siting issues
- Headed load management department, which implemented direct load control and time-of-use rates
- Managed load research and consumer research functions
- Oversaw the development of a comprehensive 10-year plan for implementing conservation, load management, and time-of-use rates
- Oversaw the procurement of power from cogenerators; managed the negotiation of 15 contracts totaling over 900 MW
- Gave Board of Directors presentation that led to the formation of a holding company, FPL Group
- Developed a business plan and participated in the formation of what is now FPL Energy, an unregulated power generation affiliate of Florida Power & Light

Mr. Seelke began his consulting career at Westinghouse's Advanced Systems Technology Department. He was previously Vice President of Consulting at Energy Management Associates and President of Skyway Power Corporation, a consulting practice he owned for eight years. Most recently he was an Executive Consultant with General Electric. His consulting experience includes these representative projects:

- Forecasted locational marginal prices to support an asset bid in New England
- Served as an expert witness for utilities as well as power producers in contract litigation
- Assisted a developer in locating a site for a merchant plant
- Developed a distributed power proposal for a major diesel packager
- Assisted a manufacturer in rate negotiations with its electric utility
- Audited energy payments by a utility to a power producer
- Evaluated a fuel-switching alternative for a utility power plant owner
- Developed and defended a transmission cost-of-service filing for a Texas municipal utility
- Assisted a natural gas distribution company develop marketing programs targeted to increase sales to end-use customers
- Assisted project developers in general development activities such as equipment selection, project

economic feasibility, and interconnection studies

- Organized and co-instructed a two-day course "Independent Power Essentials" that covered topics such as technology fundamentals, permitting, and project finance

Mr. Seelke is a Phi Beta Kappa graduate of the University of South Carolina (BSEE). He has an MSEE degree from the University of Pittsburgh and an MS in Management with Finance emphasis from Florida International University. He is a registered Professional Engineer in Florida and a member of Tau Beta Pi.

"Assessing the Benefits of Load Control," *IEEE Transactions on Power Apparatus and Systems*, Vol. PAS-101, pp. 3892-3901, October 1982.

Date/Client

Subject Matter

1978-1982
Florida Power & Light

While employed by Florida Power & Light Co. from 1974-1985, testified before the Florida Public Service Commission in numerous proceeding. Topics included: time-of-use rates, cogeneration rules, conservation rules, conservation programs, and conservation cost recovery.

1989-1990
Florida Power Corporation

While employed by Florida Power Corporation from 1988-1991, testified before the Florida Public Service Commission on cogeneration rules.

1991
James Defore

Testified in the North Florida Bankruptcy Court on the value of a cogeneration power sales contract.

1991
Florida Industrial
Cogeneration Association

Docket No. 910759-EU Testified before the Florida Public Commission on Florida Power Corporation's need-for-power proceeding regarding FPC's proposed Polk County combined cycle units in 1998-2000.

1992
ARK Energy

Testified before the Florida Public Commission on Florida Power Corporation's denial of a standard offer contract to NOAH IV, and ARK Energy affiliate.

1992
International Power
Systems Corporation

Case No. 91-987-E-C Testified before the Public Service Commission of West Virginia regarding the need for Allegheny Power System's operating utilities to purchase power from the Barbour County Power Project, a proposed 50 MW waste-coal fired generating facility.

1993
Competitive Energy
Producers Association

Docket No. 930548-EG, et al. Testified before the Florida Public Service Commission on independent power generation issues addressed by Section 712 of the Energy Policy Act of 1992.

1993
CMS Generation

Case No. 93-0431-E-GI Testified before the Public Service Commission of West Virginia on independent power generation issues addressed by Section 712 of the Energy Policy Act of 1992.

1996
City of Garland, Texas

Docket No. 15808 Testified before the Public Utility Commission of Texas on the appropriate rate-of-return for the development of regional transmission service tariffs.

2000
Okeelanta Corporation &
Osceola Corporation

Florida Power & Light Co. vs. Okeelanta, et al. Prepared expert report regarding the appropriate capacity payments owed Okeelanta and Osceola by Florida Power & Light under standard offer contracts that the firms had with FPL to sell firm capacity and energy.

2000
Entergy Services, Inc.
and Entergy Arkansas,
Inc

Case No. 9:98CV345 Before the United States District Court (Nebraska) - Entergy
Services, Inc. and Entergy Arkansas, Inc. Vs. Union Pacific Railroad. Prepared expert
report addressing damages caused by the failure of Union Pacific to meet contractually
obligated coal deliveries.

**JACKSONVILLE ELECTRIC AUTHORITY
OPEN ACCESS TRANSMISSION TARIFF**

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I COMMON SERVICE PROVISIONS

1 Definitions

- 1.1 Ancillary Services:** Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.
- 1.2 Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider.
- 1.3 Application:** A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.
- 1.4 Arbitration Commitment Letter:** A letter requesting the submitting of disputed terms and conditions to arbitration as described in Sections 12.3 and 15.3.
- 1.5 Commission:** The Federal Energy Regulatory Commission.
- 1.6 Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.
- 1.7 Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:
- (a) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
 - (b) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
 - (c) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and

- (d) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.
- 1.8 Curtailment:** A reduction in firm or non-firm transmission service in response to a transmission capacity shortage as a result of system reliability conditions.
- 1.9 Delivering Party:** The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.
- 1.10 Designated Agent:** Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.
- 1.11 Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer.
- 1.12 Eligible Customer:** (a) any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale; electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico; however, such entity is not eligible for transmission service that would be prohibited by Section 212(h)(2) of the Federal Power Act; and (b) any retail customer taking unbundled Transmission Service pursuant to a state retail access program or pursuant to a voluntary offer of unbundled retail transmission service by the Transmission Provider.
- 1.13 Facilities Study:** An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such

modifications, that will be required to provide the requested transmission service.

1.14 Firm Point-To-Point Transmission Service: Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

1.15 Good Utility Practice: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

1.16 Interruption: A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

1.17 Load Ratio Share: Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff and calculated on a rolling twelve month basis.

1.18 Load Shedding: The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

1.19 Long-Term Firm Point-To-Point Transmission Service: Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

1.20 Native Load Customers: The wholesale and retail power customers of the Transmission Provider on whose behalf the Transmission Provider, by statute,

franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.

- 1.21 Network Customer:** An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.
- 1.22 Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.
- 1.23 Network Load:** The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.
- 1.24 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.
- 1.25 Network Operating Committee:** A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

- 1.26 Network Resource:** Any designated generating resource owned or purchased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.
- 1.27 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.
- 1.28 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.
- 1.29 Open Access Same-Time Information System (OASIS):** The information system and standards of conduct contained in Part 37 of the Commission's regulations.
- 1.30 Part I:** Tariff Definitions and Common Service Provisions contained in Sections 1 through 12.
- 1.31 Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.32 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

- 1.33 Parties:** The Transmission Provider and the Transmission Customer receiving service under the Tariff.
- 1.34 Point(s) of Delivery:** Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement.
- 1.35 Point(s) of Receipt:** Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement.
- 1.36 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.
- 1.37 Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.
- 1.38 Receiving Party:** The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.
- 1.39 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.
- 1.40 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 System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

- 1.41 Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.
- 1.42 Service Commencement Date:** The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement.
- 1.43 Short-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.
- 1.44 System Impact Study:** An assessment by the Transmission Provider of (a) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (b) whether any additional costs may be incurred in order to provide transmission service.
- 1.45 Third-Party Sale:** Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.
- 1.46 Transmission Customer:** Any Eligible Customer (or its Designated Agent) that executes a Service Agreement. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.
- 1.47 Transmission Provider:** Jacksonville Electric Authority.
- 1.48 Transmission Provider's Monthly Transmission System Peak:** The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.
- 1.49 Transmission Service:** Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

1.50 Transmission System: The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

2 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transmission 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 one-year 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 a competing request by any new Eligible Customer and to pay the current just and reasonable rate 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.

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 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 (a) Scheduling, System Control and Dispatch, and (b) Reactive Supply and Voltage Control from Generation 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 (a) Regulation and Frequency Response, (b) Energy Imbalance, (c) Operating Reserve - Spinning, and (d) 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 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.

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 (a) have the Transmission Provider act as its

agent, (b) secure the Ancillary Services directly from the Control Area operator, or (c) secure the Ancillary Services (discussed in Schedules 3, 4, 5 and 6) 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. If the Transmission Provider offers an affiliate a rate discount, or attributes a discounted Ancillary Service rate to its own transactions, the Transmission Provider must offer at the same time the same discounted Ancillary Service rate to all Eligible Customers. Information regarding any discounted Ancillary Service rates will be posted on the OASIS consistent with Part 37 of the Commission's regulations. In addition, discounts to non-affiliates must be offered in a not unduly discriminatory manner. Sections 3.1 through 3.6 below list the six 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 Sources Service:** The rates and/or methodology are described in Schedule 2.
- 3.3 Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 3.
- 3.4 Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.
- 3.5 Operating Reserve - Spinning Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 5.
- 3.6 Operating Reserve - Supplemental Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 6.

4 Open Access Same-Time Information System (OASIS)

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). In the event available transmission 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.

5 Tax Exempt Bonds

5.1 Facilities Financed by Tax Exempt Bonds: Notwithstanding any other provision of this Tariff, the Transmission Provider shall not be required to provide Transmission Service to any Eligible Customer pursuant to this Tariff if the provision of such Transmission Service would jeopardize the tax-exempt status of any bond(s) used to finance the Transmission Provider's facilities that would be used in providing such Transmission Service.

5.2 Opinions of Bond Counsel: Any request for service may require an opinion of JEA's bond counsel. The Internal Revenue Service is currently considering proposed regulations dealing with the effect of providing transmission service on tax-exempt bonds issued to finance transmission facilities. Pending the issuance of the regulations, JEA's bond counsel has advised that any new proposals for transmission service for more than 30 days, including extensions, should be reviewed by bond counsel to determine whether they would adversely affect the exclusion of interest on the bonds from gross income for Federal income tax purposes. Costs of obtaining any necessary letters or opinions from bond counsel will be borne by the Transmission Customer.

5.3 Termination of Service Agreements: The Transmission Provider may terminate any Service Agreement which it determines may jeopardize the tax exempt status of its bonds. This includes Section 23 transactions.

6 Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service to the Transmission Provider on similar terms and conditions over facilities used for the transmission of electric energy in interstate commerce owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy in interstate commerce owned, controlled or operated by the Transmission Customer's corporate affiliates. A Transmission Customer that is a member of a power pool or Regional Transmission Group also agrees to provide comparable transmission service to the members of such power pool and Regional Transmission Group on similar terms and conditions over facilities used for the transmission of electric energy in interstate commerce owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy in interstate commerce owned, controlled or operated by the Transmission Customer's corporate affiliates. 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.

7 Billing and Payment

- 7.1 Billing Procedure:** Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be in immediately available funds and be made by wire transfer to a bank named by the Transmission Provider.
- 7.2 Interest on Unpaid Balances:** Interest on any unpaid amounts (including amounts placed in escrow) shall accrue and be payable at a rate equal to the

interest rate paid by the Transmission Provider on its retail deposits. . Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment.

7.3 Customer Default and Termination of Service: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate procedures to terminate service. Prior to terminating service, the Transmission Provider shall provide written notice to the Transmission Customer of its intent to terminate service in 30 days. If the Transmission Customer does not request in writing to the Transmission Provider, within ten (10) calendar days of the Transmission Customer's receipt of notice, that the Transmission Provider initiate arbitration under the provisions of Section 12, the Transmission Provider shall terminate service on the date contained in its notice to the Customer. If the Transmission Customer requests in writing that the Transmission Provider initiate arbitration proceedings, the provisions of Sections 12.3 through 12.5 shall apply. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission Customer (a) continues to make all payments not in dispute, and (b) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute according to the provisions of Section 12.2. If the Transmission Customer fails to meet these two requirements

for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to terminate service.

8 Accounting for the Transmission Provider's Use of the Tariff

The Transmission Provider shall record the following amounts, as outlined below:

- 8.1 Transmission Revenues:** Include in a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.
- 8.2 Study Costs and Revenues:** Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expenses that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Provider conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

9 Changes to this Tariff by the Transmission Provider and Tariff Availability

- 9.1 Unilateral Right to Change:** Notwithstanding any other provision in this Tariff or a Service Agreement, the Transmission Provider shall have the right unilaterally to make a change in rates, charges, classification of service, or any rule, regulation, or Service Agreement related thereto. The Transmission Provider will notify current Transmission Customers 30 days before a change becomes effective, unless the change is mutually agreeable to both parties.
- 9.2 Tariff Availability:** Notwithstanding any other provision of this Tariff, the Transmission Provider may terminate this Tariff and all Service Agreements hereunder, effective immediately and without satisfying the requirements of any other provisions of this Tariff in its sole discretion. Further, nothing contained

in this Tariff shall restrict the Transmission Provider's right unilaterally to withdraw the Tariff at any time. Except as otherwise provided in this Section 9.2, such withdrawal shall not affect existing Service Agreements for Firm Point-to-Point Transmission Service entered into under the Tariff. Upon such withdrawal of this Tariff, all Service Agreements for Non-Firm Point-to-Point Transmission Service shall terminate immediately, provided that the Transmission Provider shall complete Non-Firm Point-to-Point Transmission Service for specific scheduled Non-Firm Point-to-Point Transmission Service transactions prior to the date of termination of the Tariff (not to exceed service for three months). The Transmission Provider shall provide at least 30 days notice of its intent to terminate this Tariff to Transmission Customers that have entered into Service Agreements for Non-Firm Point-to-Point Transmission Service.

10 Force Majeure and Indemnification

10.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. Neither the Transmission Provider nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Indemnification: The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any

person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider. For purposes of this Indemnification, the term "Transmission Provider" shall mean the Jacksonville Electric Authority as a body politic and corporate and shall include its governing board, officers, employees, agents and assigns. This Indemnification shall survive the term of this Tariff.

11 Creditworthiness

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the Transmission Provider may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, the Transmission Provider may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to the Transmission Provider and consistent with commercial practices established by the Uniform Commercial Code that protects the Transmission Provider against the risk of non-payment.

12 Dispute Resolution Procedures

12.1 Applicability of Section 12: The provisions of Section 12 shall be the exclusive basis by which to resolve all disputes arising under this Tariff or any Service Agreement.

12.2 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and the Transmission Provider involving Transmission Service under this Tariff (including disputes involving the Transmission Provider's proposed termination of service under Section 7.3, disputes regarding changes to the rates,

rate methodologies, or non-rate terms and conditions in this Tariff or any Service Agreement entered into under the Tariff, and disputes regarding the Transmission Provider's proposed charges for Direct Assignment Facilities, Network Upgrades, stranded costs, and redispatch costs) 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.

- 12.3 External Arbitration Procedures:** Disputes may be submitted to arbitration upon request from the Transmission Customer in the form of an Arbitration Commitment Letter and provision of the required letter of credit or other form of security. Any arbitration initiated under this Section 12 shall be 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 (other than previous arbitration experience). 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 and any applicable Regional Transmission Group rules.

12.4 Arbitration Decisions: Unless otherwise agreed, the arbitrator(s) shall render a decision to disputes under this Section 12 within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. 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 governed by the rules of the State of Florida.

12.5 Costs: Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- (a) 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
- (b) one half the cost of the single arbitrator jointly chosen by the Parties.

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 transmission 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: 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 reserved service.

Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction. If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following 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 deadline, if available transmission capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term reservation before losing its reservation priority. After the deadline, service will commence pursuant to the terms of Part II of the Tariff. 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 agreements executed on or after January 1, 1997. 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.

13.4 Service Agreements: The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Firm Point-To-Point Transmission Service.

13.5 Transmission Customer Obligations for Facility Additions or Redispatch Costs: In cases where the Transmission Provider determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (a) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (b) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint more economically by redispatching the Transmission Provider's resources than through constructing Network Upgrades, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms

of Section 27. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer under the Tariff will be specified in the Service Agreement prior to initiating service.

13.6 Curtailment of Firm Transmission Service: In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, Curtailments will be proportionally allocated among the Transmission Provider's Native Load Customers, Network Customers, and Transmission Customers taking Firm Point-To-Point Transmission Service. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

13.7 Classification of Firm Transmission Service:

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (i) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (ii) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.
- (c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement along with a corresponding capacity reservation associated with each Point of Receipt. Each Point of Delivery at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement along with a corresponding capacity reservation associated with each Point of Delivery. The greater of either (i) the sum of the capacity reservations at the Point(s) of Receipt, or (ii) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery.

13.8 Scheduling of Firm Point-To-Point Transmission Service: Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. E.P.T. (Eastern Prevailing Time) of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. E.P.T. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within

the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such Party shall immediately notify the Transmission Provider, and the 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 transmission 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 to reservations with a

longer duration of service. In the event the Transmission System is constrained, competing requests of 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 before being preempted. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

- 14.3 Use of Non-Firm Point-To-Point 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 agreements executed on or after January 1, 1997. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.
- 14.4 Service Agreements:** The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff.
- 14.5 Classification of Non-Firm Point-To-Point Transmission Service:** Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service

is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

- 14.6 Scheduling of Non-Firm Point-To-Point Transmission Service:** Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. E.P.T. of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. E.P.T. will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and

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

14.7 Curtailment or Interruption of Service: The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (a) a request for Firm Transmission Service, (b) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (c) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, (d) transmission service for Network Customers from non-designated resources, or (e) Transmission Service for Native Load customers. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have

a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

15 Service Availability

- 15.1 General Conditions:** The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16. If a Transmission Customer requests service that involves use of the Transmission Provider's facilities recorded on the Transmission Provider's book of accounts as distribution plant (less than 69 kV), the Transmission Provider and Transmission Customer will develop the applicable rate treatment, losses, and all related terms and conditions of such service.
- 15.2 Determination of Available Transmission Capability:** A description of the Transmission Provider's specific methodology for assessing available transmission capability posted on the Transmission Provider's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transmission capability may not exist to accommodate a service request, the Transmission Provider will respond by performing a System Impact Study.
- 15.3 Initiating Service in the Event of Disputed Terms and Conditions:** If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all of the terms and conditions of the Point-To-Point Service Agreement, upon written request from the Transmission Customer, the Transmission Provider and Transmission

Customer shall submit the disputed terms and conditions to the dispute resolution procedures of Section 12. The written request from the Transmission Customer shall be in the form of an Arbitration Commitment Letter which specifies the terms of the Service Agreement which are not acceptable to the Transmission Customer. Attached to the Arbitration Commitment Letter shall be an executed Point-To-Point Service Agreement complete in all regards. The Transmission Provider shall commence providing Transmission Service under the Point-To-Point Service Agreement for the requested Transmission Service subject to the Transmission Customer agreeing in the Arbitration Commitment Letter to (a) compensate the Transmission Provider as determined by the outcome of Section 12, (b) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3 or providing a letter of credit as required by the Transmission Provider. The procedures in this section may also be used for applications for Network Service.

- 15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System:** 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, provided the Transmission Customer agrees to compensate the Transmission Provider for such costs pursuant to the terms of Section 27. The Transmission Provider will conform to Good Utility Practice 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.

15.5 Deferral of Service: The Transmission Provider may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

15.6 Other Transmission Service Schedules: Eligible Customers receiving transmission service under other agreements may continue to receive transmission service under those agreements until such time as those agreements may be modified.

15.7 Real Power Losses: Real Power Losses are associated with all transmission service. The Transmission Customer may elect to (1) supply the losses associated with all transmission service as calculated by the Transmission Provider or (2) have the Transmission Provider supply the losses (consistent with (1) above) at a rate equal to 100 percent of the Transmission Provider's incremental cost after serving all other obligations (including economy and opportunity transactions). The applicable Real Power Loss factor is 2.25%.

16 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers: Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

- (a) The Transmission Customer has pending a Completed Application for service;
- (b) The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- (c) The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;

- (d) The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation; and
- (e) The Transmission Customer has executed a Point-To-Point Service Agreement.

16.2 Transmission Customer Responsibility for Third-Party Arrangements: Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

17 Procedures for Arranging Firm Point-To-Point Transmission Service

17.1 Application: A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to: Vice President, System Dispatch, Jacksonville Electric Authority, 7720 Ramona Blvd., Jacksonville, FL 32221 (Internet: TSERVE@JEA.COM) at least 60 days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering

the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by electronic mail to the Internet address in this Section. This method will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (a) The identity, address, telephone number, facsimile number, and Internet address of the entity requesting service;
- (b) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (c) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (d) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements;
- (e) A description of the supply characteristics of the capacity and energy to be delivered;
- (f) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (g) The Service Commencement Date and the term of the requested Transmission Service; and
- (h) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement.

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

17.3 Deposit: A Completed Application for requests for Firm Point-To-Point Transmission Service for reservations greater than six (6) months shall also include a deposit of one month's charge for Reserved Capacity. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, 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. The deposit also will be returned with interest less any reasonable costs incurred by the Transmission Provider if the Transmission Provider is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the Transmission Provider to the extent such costs have not already been recovered by the Transmission Provider from the Eligible Customer. The Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 20. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration of the Service Agreement for Firm Point-To-Point Transmission Service. Applicable interest shall accrue and be payable at a rate equal to the

interest rate paid by the Transmission Provider on its retail deposits, and shall be calculated from the day the deposit check is credited to the Transmission Provider's account.

17.4 Notice of Deficient Application: If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

17.5 Response to a Completed Application: Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transmission capability as required in Section 15.2. The Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (a) if it will be able to provide service without performing a System Impact Study or (b) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1.

17.6 Execution of Service Agreement: Whenever the Transmission Provider determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute

and return the Service Agreement or submit an Arbitration Commitment Letter with a Service Agreement attached and provide the required letter of credit or other form of security 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 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. 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 elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

18 Procedures for Arranging Non-Firm Point-To-Point Transmission Service

- 18.1 Application:** Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by

transmitting the required information to the Transmission Provider by electronic mail at the Internet address in Section 17.1. This method will provide a time-stamped record for establishing the service priority of the Application.

18.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (a) The identity, address, telephone number and facsimile number of the entity requesting service;
- (b) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (c) The Point(s) of Receipt and the Point(s) of Delivery;
- (d) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (e) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

- (f) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (g) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (f) and (g) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The

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

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 E.P.T. the day before service is to commence. Requests for service received later than 2:00 p.m. E.P.T. prior to the day service is scheduled to commence will be accommodated if practicable.

18.4 Determination of Available Transmission Capability: Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transmission 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: (a) thirty (30) minutes for hourly service, (b) thirty (30) minutes for daily service, (c) four (4) hours for weekly service, and (d) two (2) days for monthly service.

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, 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. In such cases, 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 Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

19.2 System Impact Study Agreement and Cost Reimbursement:

- (a) The System Impact Study Agreement will clearly specify the maximum charge, based on the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the 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.
- (b) 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 requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
- (c) 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 8.2.

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 any system constraints and redispatch options,

additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. 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. 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 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 submit an Arbitration Commitment Letter with a Service Agreement attached and provide the required letter of credit or other form of security pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

- 19.4 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 Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to

the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (a) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (b) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (c) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or submit an Arbitration Commitment Letter with a Service Agreement attached pursuant to Section 15.3 and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

- 19.5 Facilities Study Modifications:** Any change in design arising from the inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event

of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the Transmission Provider that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.

- 19.6 Due Diligence in Completing New Facilities:** The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. The Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.
- 19.7 Partial Interim Service:** If the Transmission Provider determines that it will not have adequate transmission capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.
- 19.8 Expedited Procedures for New Facilities:** In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the Transmission Provider to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate the Transmission Provider for all costs incurred pursuant to the terms of the Tariff. In order to exercise this

option, the Eligible Customer shall request in writing an Expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While the Transmission Provider agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Provider for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

20 Procedures if The Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

20.1 Delays in Construction of New Facilities: If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Transmission Provider shall promptly notify the Transmission Customer. In such circumstances, the Transmission Provider shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Provider also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Provider that is reasonably needed by the Transmission Customer to evaluate any alternatives.

20.2 Alternatives to the Original Facility Additions: When the review process of Section 20.1 determines that one or more alternatives exist to the originally

planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request the Transmission Provider to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12.

- 20.3 Refund Obligation for Unfinished Facility Additions:** If the Transmission Provider and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest. However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended.

21 Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities

- 21.1 Responsibility for Third-Party System Additions:** The Transmission Provider shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such

facilities. The Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

- 21.2 Coordination of Third-Party System Additions:** In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12.

22 Changes in Service Specifications

- 22.1 Modifications On a Non-Firm Basis:** The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission Provider to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement ("Secondary Receipt and Delivery Points"), in amounts not to exceed its firm capacity reservation,

without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the Transmission Provider on behalf of its Native Load Customers.
- (b) The sum of all Firm and Non-Firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (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 Modifications 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: 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 the Reseller shall not exceed the higher of (a) the original rate paid by the Reseller, (b) the Transmission Provider's maximum rate at the time of the assignment, or (c) the Reseller's opportunity cost. 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. A Reseller should notify the Transmission Provider as soon as possible after any assignment or transfer of service occurs but in any event, notification must be provided prior to any provision of service to the Assignee. 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.

- 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 liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Parties through an amendment to the Service Agreement.

23.3 Information on Assignment or Transfer of Service: In accordance with Section 4, Resellers may use the Transmission Provider's OASIS to post transmission capacity available for resale.

24 Metering and Power Factor Correction at Receipt and Delivery Points(s)

24.1 Transmission Customer Obligations: Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

24.2 Transmission Provider Access to Metering Data: The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

24.3 Power Factor: Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Provider pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

25 Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedule 7); and Non-Firm Point-To-Point Transmission Service (Schedule 8). The Transmission Provider shall use Part II of the Tariff to make its Third-Party Sales. The Transmission Provider shall account for such use at the applicable Tariff rates, pursuant to Section 8.

26 Stranded Cost Recovery

The Transmission Provider may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff consistent with the terms and conditions set forth for public utilities in FERC Order No. 888. However, the Transmission Provider's proposed stranded cost recovery shall be subject to the dispute resolution procedures of this Tariff.

27 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by the Transmission Provider identifies capacity constraints that may be relieved more economically by redispatching the Transmission Provider's resources than by building new facilities or upgrading existing facilities to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

III NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which the Transmission Provider utilizes its Transmission System to serve its Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff.

28 Nature of Network Integration Transmission Service

28.1 Scope of Service: Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the Transmission Provider's Control Area and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3. If a Transmission Customer requests service that involves use of the Transmission Provider's facilities recorded on the Transmission Provider's book of accounts as distribution plant (less than 69kV), the Transmission Provider will develop the applicable rate treatment, losses, and all related terms and conditions of such service.

28.2 Transmission Provider Responsibilities: The Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with

Good Utility Practice in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by the Transmission Provider to calculate available transmission capability. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Provider's delivery of its own generating and purchased resources to its Native Load Customers.

- 28.3 Network Integration Transmission Service:** The Transmission Provider will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to service its Network Loads on a basis that is comparable to the Transmission Provider's use of the Transmission System to reliably serve its Native Load Customers.
- 28.4 Secondary Service:** The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.
- 28.5 Real Power Losses:** Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power

Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factor is 2.25%.

28.6 Restrictions on Use of Service: The Network Customer shall not use Network Integration Transmission Service for (a) sales of capacity and energy to non-designated loads, or (b) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System.

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 (a) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (b) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, (c) the Eligible Customer executes a Service Agreement in the form of Attachment F for service under Part III of the Tariff or submits an Arbitration Commitment Letter with a Service Agreement attached and provides the required letter of credit or other form of security pursuant to Section 15.3, and (d) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider in the form of Attachment G.

29.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. Unless subject to the

procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by electronic mail at the Internet address in Section 17.1. This method will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (a) The identity, address, telephone number, facsimile number, and Internet address of the party requesting service;
- (b) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (c) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (d) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (c) above;
- (e) A description of Network Resources (current and 10-year projection), which shall include, for each Network Resource:
 - (i) Unit size and amount of capacity from that unit to be designated as Network Resource

- (ii) VAR capability (both leading and lagging) of all generators
 - (iii) Operating restrictions:
 - 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
 - (iv) Approximate variable generating cost (\$/MWh) for redispatch computations
 - (v) Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource
 - (vi) Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery point(s) to the Transmission Provider's Transmission System;
- (f) Description of Eligible Customer's transmission system:
- (i) Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
 - (ii) Operating restrictions needed for reliability
 - (iii) Operating guides employed by system operators
 - (iv) Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
 - (v) Location of Network Resources described in subsection (e) above
 - (vi) 10 year projection of system expansions or upgrades
 - (vii) Transmission System maps that include any proposed expansions or upgrades
 - (viii) Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and
- (g) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to

meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

29.3 Technical Arrangements to be Completed Prior to Commencement of

Service: Network Integration Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

- 29.4 Network Customer Facilities:** The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing

all facilities on the Network Customer's side of each such delivery point or interconnection.

30 Network Resources

30.1 Designation of Network Resources: Network Resources shall include all generation owned or purchased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources: The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made by a request for modification of service pursuant to an Application under Section 29.

30.3 Termination of Network Resources: The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource at any time but should provide notification to the Transmission Provider as soon as reasonably practicable.

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 losses.

- 30.5 Network Customer Redispatch Obligation:** As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.
- 30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider:** The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.
- 30.7 Limitation on Designation of Network Resources:** The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.
- 30.8 Use of Interface Capacity by the Network Customer:** There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Load Ratio Share.

30.9 Network Customer Owned Transmission Facilities: The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the planning and operations of the Transmission Provider to serve all of its power and transmission customers. For facilities constructed by the Network Customer subsequent to the Service Commencement Date under Part III of the Tariff, the Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with the Transmission Provider. Calculation of the credit shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

31 Designation of Network Load

31.1 Network Load: The Network Customer must designate the individual Network Loads on whose behalf the Transmission Provider will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

31.2 New Network Loads Connected With the Transmission Provider: The Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The Transmission Provider will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the

procedures provided in Section 32.4 and shall be charged to the Network Customer in accordance with Commission policies.

31.3 Network Load Not Physically Interconnected with the Transmission

Provider: This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (a) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (b) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

31.4 New Interconnection Points: To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the Transmission Provider's Transmission System and a Network Load, the Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable.

31.5 Changes in Service Requests: Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the Transmission Provider and charged to the Network Customer as reflected

in the Service Agreement. However, the Transmission Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

31.6 Annual Load and Resource Information Updates: The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff. The Network Customer also shall provide the Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.

32 Additional Study Procedures For Network Integration Transmission Service Requests

32.1 Notice of Need for System Impact Study: After receiving a request for service, 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. In such cases, 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 Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

32.2 System Impact Study Agreement and Cost Reimbursement:

- (a) The System Impact Study Agreement will clearly specify the maximum charge, based on the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the 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.
- (b) 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.
- (c) 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 any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. 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. 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 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 submit an Arbitration Commitment Letter with a Service Agreement attached and provide the required letter of credit or other form of security pursuant to Section 15.3, 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 Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Eligible

Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (a) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (b) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (c) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or submit an Arbitration Commitment Letter with a Service Agreement attached pursuant to Section 15.3 and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

33 Load Shedding and Curtailments

33.1 Procedures: Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify

all affected Network Customers in a timely manner of any scheduled Curtailment.

33.2 Transmission Constraints: During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

33.3 Cost Responsibility for Relieving Transmission Constraints: Whenever the Transmission Provider implements least-cost redispatch procedures in response to a transmission constraint, the Transmission Provider and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

33.4 Curtailments of Scheduled Deliveries: If a transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries, the

Parties shall Curtail such schedules in accordance with the Network Operating Agreement.

33.5 Allocation of Curtailments: The Transmission Provider shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Provider and Network Customer in proportion to their respective Load Ratio Shares. The Transmission Provider shall not direct the Network Customer to Curtail schedules to an extent greater than the Transmission Provider would Curtail the Transmission Provider's schedules under similar circumstances

33.6 Load Shedding: To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Provider and the Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.

33.7 System Reliability: Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (a) limit the extent or

damage of the adverse condition(s) or disturbance(s), (b) prevent damage to generating or transmission facilities, or (c) expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

34 Rates and Charges

The Network Customer shall pay the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, consistent with Commission policy, along with the following:

- 34.1 Monthly Demand Charge:** The Network Customer shall pay a monthly Demand Charge, which shall be determined by multiplying its Load Ratio Share times one twelfth (1/12) of the Transmission Provider's Annual Transmission Revenue Requirement specified in Schedule H.
- 34.2 Determination of Network Customer's Monthly Network Load:** The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with the Transmission Provider under Section 31.3) coincident with the Transmission Provider's Monthly Transmission System Peak.
- 34.3 Determination of Transmission Provider's Monthly Transmission System Load:** The Transmission Provider's monthly Transmission System load is the Transmission Provider's Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-To-Point Transmission Service

customers pursuant to Part II of this Tariff plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.

34.4 Redispatch Charge: The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 33. To the extent that the Transmission Provider incurs an obligation to the Network Customer for redispatch costs in accordance with Section 33, such amounts shall be credited against the Network Customer's bill for the applicable month.

34.5 Stranded Cost Recovery: The Transmission Provider may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms and conditions set forth for public utilities in FERC Order No. 888.

35 Operating Arrangements

35.1 Operation under The Network Operating Agreement: The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

35.2 Network Operating Agreement: The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (a) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (b) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of

Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data), (c) use software programs required for data links and constraint dispatching, (d) exchange data on forecasted loads and resources necessary for long-term planning, and (e) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (a) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council (NERC), the Southeastern Electric Reliability Council (SERC), and the Florida Electric Power Coordinating Group, Inc. or its successors; (b) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or (c) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC, SERC, and the Florida Electric Power Coordinating Group, Inc. requirements. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

- 35.3 Network Operating Committee:** A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

SCHEDULE 1**System Control and Dispatch Service**

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. 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.

There is no charge for Scheduling, System Control and Dispatch Service at this time.

SCHEDULE 2**Reactive Supply and Voltage Control from Generation Sources Service**

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities (in the Control Area where the Transmission Provider's transmission facilities are located) are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for such service will be based on the rates set forth below. 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 the Control Area operator.

Rate Treatment

The charge for Reactive Supply and Voltage Control from Generation Sources Service is no greater than:

Point-to-Point Service

\$0.78819 per kW-year,
\$0.06568 per kW-month,
\$0.01516 per kW-week,
\$0.00303 per kW-day, provided that the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service, or
\$0.00019 per kW-hour, provided that the maximum charge in any day shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Billing Units

The rates above will be applied to each kW of transmission capacity either used (for Network Service customers) or reserved (for Point-to-Point Service customers).

SCHEDULE 3**Regulation and Frequency Response Service**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). 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 to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service are set forth below. 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.

Rate Treatment

The charge for Regulation and Frequency Response Service is no greater than:

\$2.51717 per kW-year
\$0.20976 per kW-month,
\$0.04841 per kW-week,
\$0.00968 per kW-day; provided that the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service, or
\$0.00061 per kW-hour; provided that the maximum charge in any day shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Billing Units

For customers with load factors in the range of 87% to 100% within each hour, the rates above will be applied to each kW of transmission capacity reserved (for Point-to-Point Service customers). The charges for customers with load factors less than 87% for each hour shall be based on the Transmission Customer's maximum deviation from the schedule within any hour . The rate shall be capped at \$14.54 per kW-month.

Self-Supply of Service

A Transmission Customer that is located within the JEA's Control Area shall purchase Regulation and Frequency Response Service from the JEA unless it provides the service itself or purchases it from a third party through automatic generation control or dynamic scheduling.

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 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 shall establish a deviation band of +/- 1.5 percent (with a minimum of 1 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). Parties should attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days or within such other reasonable period of time as is generally accepted in the region and consistently adhered to by the Transmission Provider. If an energy imbalance is not corrected within thirty (30) days or a reasonable period of time that is generally accepted in the region and consistently adhered to by the Transmission Provider, the Transmission Customer will compensate the Transmission Provider for such service. Energy imbalances outside the deviation band will be subject to the charges to be specified by the Transmission Provider. The charges for Energy Imbalance service are set forth below.

Rate Treatment**A) Imbalances Within Deviation Band:**

When the energy imbalance is within the deviation band, the energy shall be returned in-kind. For this purpose, these imbalances will be

treated the same as inadvertent energy pursuant to the practices outlined by the applicable NERC procedures. The Transmission Customer shall pay a charge of \$100/MWh or 110% of JEA's cost of providing the energy, whichever is higher, for such energy imbalances that are not returned in-kind within 30 days.

B) Imbalances Outside Deviation Band:

1) Undersupply By Transmission Customer:

When the energy imbalance exceeds the deviation band, it shall be deemed an unauthorized use of firm electric capacity and energy from the JEA. The Transmission Customer shall pay the higher of: a) \$100/MWh, or b) the sum of 110% JEA's cost of providing the energy and \$8.20989/kW multiplied by the highest difference between scheduled and actual kW use for any hour in the month. The in-kind replacement provision shall not apply to such imbalances.

2) Oversupply By Transmission Customer:

When the Transmission Customer provides unscheduled energy to the JEA in an amount that exceeds the deviation band, it shall pay a charge for such excess energy equal to 100% of any costs incurred by the JEA as a result of accepting the excess energy. The JEA will not return in-kind or compensate the Transmission Customer for such excess energy.

Self-Supply of Service

A Transmission Customer that is located within the JEA's Control Area shall purchase Energy Imbalance Service from the JEA unless it provides the service itself or purchases it from a third party through automatic generation control or dynamic scheduling, such that the schedule is adjusted to "zero out" the imbalance each hour. JEA may require an operating agreement with the third party provider of the Energy Imbalance Service. In the event that there are energy imbalances between the Transmission Customer and JEA, then every kWh of imbalance service shall be considered an unauthorized use of firm electric capacity and energy from the JEA. The Transmission Customer shall pay the rates stated above for Imbalances Outside Deviation Band.

SCHEDULE 5**Operating Reserve - Spinning Reserve Service**

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output. 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 to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. 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.

Rate Treatment

The charge for Operating Reserve Service - Spinning shall be the sum of the capacity and energy charges set forth below. These charges are not for providing backup service. These charges are to reimburse JEA for its costs incurred in meeting spinning reserve responsibilities.

A) Spinning Reservation Charge:

The spinning reservation charge is no greater than:

\$98.51872 per kW-year

\$8.20989 per kW-month,

\$1.89459 per kW-week,

\$0.37892 per kW-day; provided that the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service, or

\$0.02368 per kW-hour; provided that the maximum charge in any hour shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum

charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Billing Units:

The rates above will be applied to each kW of transmission capacity reserved (for Point-to-Point Service customers), multiplied by the Pool Requirement Percentage. For CY 1996, the Pool Requirement Percentage is 0.97% ($85/2190 \times 0.25$). If JEA does not obtain agreements with its reserve pool partners to assist in providing reserves from the pool to support the Transmission Customer's loss of resource, then the Transmission Customer's Pool Requirement Percentage is 50%. This assumes that 50% of the Transmission Customer's transmission capacity is backed up by JEA with spinning reserves according to NERC guidelines.

B) Energy Use Charge:

These charges are applicable if the Transmission Customer's load is within the JEA's control area or the load is "metered into" JEA's control area.

1) Within 30 Minutes:

JEA will provide energy to the Transmission Customer for 30 minutes following a system contingency. The 30 minutes begin upon a schedule change due to the contingency. The energy delivered during these 30 minutes which exceeds the new scheduled amount is an energy imbalance. The charge for the energy imbalance will be \$100/MWh or 110% of JEA's cost of providing such energy, whichever is higher, or other mutually agreeable terms.

2) After 30 Minutes:

If the Transmission Customer's schedule and load are not in balance after 30 minutes, then this is deemed an unauthorized use of capacity and energy. At its sole option, the JEA will either elect to separate the Transmission Customer's load from the JEA's system or it will provide the required energy and capacity. If JEA elects to supply the energy and capacity, the charges for such service will be equal to the rates stated for Imbalances Outside Deviation Band in Schedule 4, Energy Imbalance Service. For the purposes of this schedule, the capacity charge will be multiplied by the highest difference between scheduled and actual kW

use during any 15-minute period until the schedule and the load are balanced.

Self-Supply of Service

A Transmission Customer that is located within the JEA's Control Area shall purchase Operating Reserve Service - Spinning from the JEA unless it provides comparable service from its own generators or from a third party. The provided Spinning Reserve Service must be available from on-line generation located within peninsular Florida in an amount equal to the reserve capability required of JEA. There must also be a firm transmission path between the generators providing the reserves and the Transmission Customer's loads for the period of transaction. The self-supply of service must be of such a nature that it relieves JEA of an appropriate amount of spinning reserve obligation. If it becomes apparent that self-supply of service is not comparable, the Transmission Customer must purchase this service from the JEA.

SCHEDULE 6**Operating Reserve - Supplemental Reserve Service**

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not necessarily available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load. 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 to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. 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.

Rate Treatment

The charge for Operating Reserve Service - Supplemental shall be the sum of the capacity and energy charges set forth below. These charges are not for providing backup service. These charges are to reimburse JEA for its costs incurred in meeting non-spinning reserve responsibilities.

A) Supplemental Reservation Charge:

The supplemental reservation charge is no greater than:

\$63.30901 per kW-year
 \$5.27575 per kW-month,
 \$1.21748 per kW-week,
 \$0.24350 per kW-day; provided that the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service, or
 \$0.01522 per kW-hour; provided that the maximum charge in any day shall be no greater than the product of the maximum service reserved in any hour

in that day and the maximum charge for daily service; and the maximum charge in any week shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Billing Units:

The rates above will be applied to each kW of transmission capacity reserved (for Point-to-Point Service customers), multiplied by the Pool Requirement Percentage. For CY 1996, the Pool Requirement Percentage is 2.91% ($85/2190 \times 0.75$). If JEA does not obtain agreements with its reserve pool partners to assist in providing reserves from the pool to support the Transmission Customer's loss of resource, then the Transmission Customer's Pool Requirement Percentage is 50%. This assumes that 50% of the Transmission Customer's transmission capacity is backed up by JEA with supplemental reserves according to NERC guidelines.

B) Energy Use Charge: These charges are applicable if the Transmission Customer's load is within the JEA's control area or the load is "metered into" JEA's control area. These Energy Use Charges shall be waived if the Transmission Customer purchases Operating Reserve Service - Spinning from the JEA (in which case the energy use charges in the Operating Reserve Service - Spinning schedule will apply).

1) Within 30 Minutes:

JEA will provide energy to the Transmission Customer for 30 minutes following a system contingency. The 30 minutes begin upon a schedule change due to the contingency. The energy delivered during these 30 minutes which exceeds the new scheduled amount is an energy imbalance. The charge for the energy imbalance will be \$100/MWh or 110% of JEA's cost of providing such energy, whichever is higher, or other mutually agreeable terms.

2) After 30 Minutes:

If the Transmission Customer's schedule and load are not in balance after 30 minutes, then this is deemed an unauthorized use of capacity and energy. At its sole option, the JEA will either elect to separate the

Transmission Customer's load from the JEA's system or it will provide the required energy and capacity. If JEA elects to supply the energy and capacity, the charges for such service will be equal to the rates stated for Imbalances Outside Deviation Band in Schedule 4, Energy Imbalance Service. For the purposes of this schedule, the capacity charge will be multiplied by the highest difference between scheduled and actual kW use during any 15-minute period until the schedule and the load are balanced.

Self-Supply of Service

A Transmission Customer that is located within the JEA's Control Area shall purchase Operating Reserve Service - Supplemental from the JEA unless it provides comparable service from its own generators or from a third party. The provided Supplemental Reserve Service must be available from on-line, unloaded generation, quick-start generation or interruptible load located within peninsular Florida in an amount equal to the reserve capability required of JEA. There must also be a firm transmission path between the generators providing the reserves and the Transmission Customer's loads for the period of transaction. The self-supply of service must be of such a nature that it relieves JEA of an appropriate amount of non-spinning reserve obligation. If it becomes apparent that self-supply of service is not comparable, the Transmission Customer must purchase this service from the JEA.

SCHEDULE 7**Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service**

Rate Treatment

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity up to the sum of the applicable charges set forth below:

Yearly delivery:	\$15.96/kW of Reserved Capacity per year.
Monthly delivery:	\$1.33/kW of Reserved Capacity per month.
Weekly delivery:	\$0.31/kW of Reserved Capacity per week.
Daily delivery:	\$0.06/kW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for daily delivery, shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Discounts:

If the Transmission Provider offers an affiliate a rate discount or attributes a discounted transmission rate to its own transactions, the Transmission Provider must offer at the same time the same discounted Firm Point-To-Point Transmission Service rate to all Eligible Customers on the same path and on all unconstrained transmission paths. Information regarding any firm transmission discounts must be posted on the OASIS consistent with Part 37 of the Commission's regulations. In addition, discounts to non-affiliates must be offered in a not unduly discriminatory manner.

Excess use:

In the event that the Transmission Customer exceeds its firm reserved capacity at any Point of Receipt and/or Point of Delivery (except as otherwise specified in Section 22 of this Tariff), the Transmission Customer shall pay 150% of the Schedule 7 charge for the delivery period (i.e., yearly, monthly, weekly, or daily) for which the Transmission Customer is reserving capacity for the maximum amount that the Transmission Customer exceeds its firm reserved capacity at any Point of Receipt and/or Point of Delivery. In the event that the non-firm transmission service provided to the Transmission Customer for secondary receipt and delivery points exceeds the capacity reservation under which such services are provided, the Transmission Customer shall pay 150% of the applicable Schedule 8 transmission charge for the maximum amount that the Transmission Customer exceeds its capacity reservation.

SCHEDULE 8**Non-Firm Point-To-Point Transmission Service**

Rate Treatment

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth

below:

Monthly delivery:	\$1.33/kW of Reserved Capacity per month.
Weekly delivery:	\$0.31/kW of Reserved Capacity per week.
Daily delivery:	\$0.06/kW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for daily delivery, shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Hourly delivery: The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed \$3.84/MWH.

The total demand charge in any day, pursuant to a reservation for hourly delivery, shall be no greater than the product of the maximum service reserved in any hour in that day and the maximum charge for daily service; and the maximum charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall be no greater than the product of the maximum service reserved in any day in that week and the maximum charge for weekly service.

Discounts:

If the Transmission Provider offers an affiliate a rate discount or attributes a discounted transmission rate to its own transactions, the Transmission Provider must offer at the same time the same discounted Non-Firm Point-To-Point Transmission Service rate to all Eligible Customers on the same path and on all unconstrained transmission paths. Information regarding any non-firm transmission discounts must be posted on the OASIS consistent with Part 37 of the Commission's regulations. In addition, discounts to non-affiliates must be offered in a not unduly discriminatory manner.

Excess use:

In the event the Transmission Customer exceeds its reserved capacity at any Point of Receipt and/or Point of Delivery, the Transmission Customer shall pay 150% of the applicable transmission charge for the maximum amount that the Transmission Customer exceeds its capacity reservation.

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Attachments A and B are sample Service Agreements which may be revised from time to time.

Attachments F and G and H relate to service with Network Customers. Due to the individual nature of Network Customers, these Attachments will be modified as required.

ATTACHMENT A

Form Of Service Agreement For Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between Jacksonville Electric Authority ("JEA" or the "Transmission Provider"), and _____ ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 The Transmission Customer has provided to the Transmission Provider a Completed Application in accordance with the provisions of Section 17.1 of the Tariff and a deposit in the amount of \$ _____, in accordance with the provisions of Section 17.3 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of (1) _____, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades is completed. Service under this agreement shall terminate on _____.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 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.

JEA:

Attention: Manager, Transmission Services
Jacksonville Electric Authority
7720 Ramona Blvd.
Jacksonville, FL 32221

Internet e-mail: TSERVE@JEA.COM

Transmission Customer:

7.0 The Tariff is incorporated herein and made a part hereof.

8.0 Such other terms and conditions that the Parties may agree on or may be required by the nature of the service requested.

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

JEA:

By: _____

Name Title Date

Transmission Customer:

By: _____

Name Title Date

Specifications For Firm Point-To-Point Transmission Service

1.0 Term of Transaction:

Start Date:

Termination Date:

2.0 Description of capacity and energy to be transmitted by JEA including the electric Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity):

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

7.0 Name(s) of any intervening systems providing transmission service:

8.0 Service under this Service Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual 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 Charge:

8.4 Ancillary Services Charges:

ATTACHMENT B**Form Of Service Agreement For Non-Firm Point-To-Point Transmission Service**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between Jacksonville Electric Authority (“JEA” or the “Transmission Provider”), and _____ (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by JEA to be a Transmission Customer under Part II of the Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.1 of the Tariff.
- 3.0 Service under this Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Transmission Customer.
- 4.0 The Transmission Customer agrees to supply information JEA deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement. Non-Firm Point-To-Point Transmission Service is recallable by the JEA. The Transmission Customer must relinquish service within ten minutes when service is recalled by JEA.
- 6.0 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.

JEA:

Attention: Manager, Transmission Services
Jacksonville Electric Authority
7720 Ramona Blvd.
Jacksonville, FL 32221

Internet e-mail: TSERVE@JEA.COM

Transmission Customer:

7.0 The Tariff is incorporated herein and made a part hereof.

8.0 Such other terms and conditions that the Parties may agree on or may be required by the nature of the service requested.

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

JEA:

By: _____

Name

Title

Date

Transmission Customer:

By: _____

Name

Title

Date

ATTACHMENT C**Methodology To Assess Available Transmission Capability**

JEA will determine the Available Transmission Capability ("ATC") of its interfaces consistent with the "North American Electric Reliability Council" ("NERC") Guidelines contained in "Transfer Capability; A Reference Document for Calculating and Reporting the Electric Power Transfer Capability of Interconnected Electric Systems" issued May, 1995 and "Available Transfer Capability Definitions and Determination: A Framework for Determining Available Transfer Capabilities of the Interconnected Transmission Networks for a Commercially Viable Electricity Market", issued May, 1996.

The "area-to-area" method will be used to determine the interface capabilities with other control areas. The ATC for the Florida/Southern interface will be based on JEA's allocated share of the Total Transfer Capability ("TTC") for the Florida/Southern interface. The ATCs listed on the OASIS will represent the available capacity over specific paths because the origin and destination of the energy flows dramatically impact the available capacity. JEA will use the most current load flow base cases and will use criteria consistent with JEA's latest FERC 715 filing.

Two ATC values are applicable for each path across an interface: Recallable ("RATC") and Nonrecallable ("NATC"). RATC amounts are available for non-firm transactions. NATC amounts will be available for firm transmission sales.

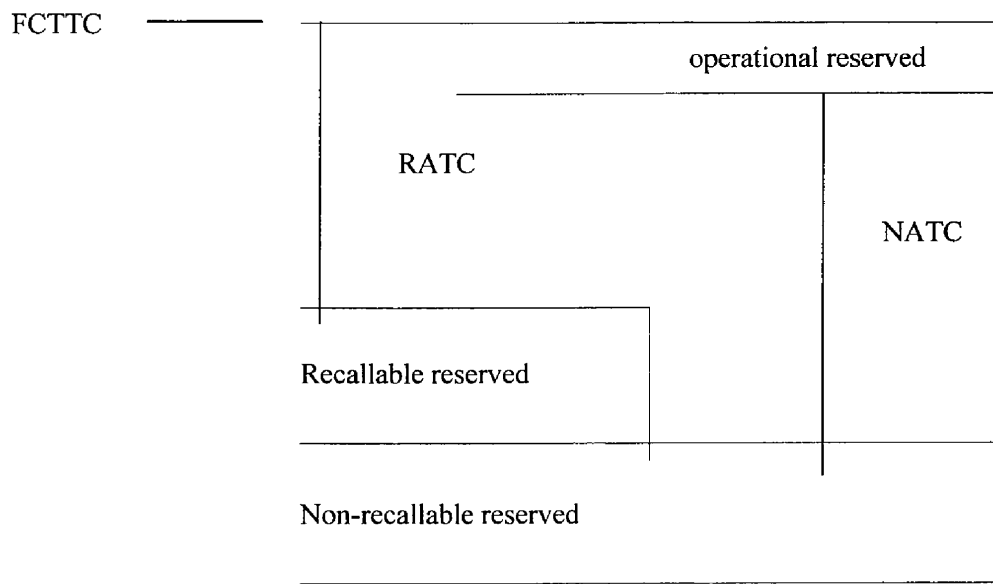
JEA will determine a First Contingency Total Transfer Capability ("FCTTC") for each path across an interface. The JEA will determine the appropriate amount of capacity to be reserved for system contingencies. The reservation of firm transmission capacity is required to provide loads access to generation in other control areas in the event of loss of generation. Other types of contingencies vary in severity with actual system operating conditions and thus the appropriate amount of reserves (operational reserves) must be determined based on system conditions. Operational reserves are used to maintain the integrity of the transmission system during system contingencies.

RATC = FCTTC

- minus **Non-recallable reserved capacity:**
previously committed firm transactions (includes JEA's firm purchases) and firm capacity reserved for contingencies.
- minus **Recallable reserved capacity:**
previously committed non-firm transactions.
- minus **all or part of the operational reserved capacity:**
the amount depends on system conditions.

NATC = FCTTC

- minus **Non-recallable reserved capacity:**
previously committed firm transactions (includes JEA's firm purchases) and firm capacity reserved for contingencies.
- minus **operational reserved capacity:**
amounts needed to insure reliable operations during system contingencies.



ATTACHMENT D**Methodology for Completing a System Impact Study**

The JEA routinely conducts planning studies to determine the adequacy of its transmission lines to serve its native load. The criteria and processes used in these studies is documented in FERC Form No. 715, Annual Transmission Planning and Evaluation Report. This document is updated and filed each year by the JEA.

JEA will review each Application for transmission service. JEA will notify the customer within 30 days as to which condition exists:

1. More information is needed to assess the Application

JEA will ask the Transmission Customer to provide additional information or data relating to the requested transaction. The Application is not complete until this information is received.

2. Adequate transmission capacity exists

JEA will respond to the applicant that there is adequate transmission capacity. Documentation and information will be exchanged to develop a complete Service Agreement. This step may require more or less time depending on whether an opinion from JEA's Bond Counsel on the Private Use of Tax Exempt Bonds is required. Failure of the Transmission Customer to execute and return the Service Agreement within fifteen (15) days after it is tendered by the JEA will be deemed a withdrawal and termination of the Application.

3. JEA is unsure about the amount of transmission capacity that exists for a particular transaction

JEA will contact the Transmission Customer and determine if the Transmission Customer wishes JEA to perform a System Impact Study.

4. Adequate transmission capacity does not exist

JEA will respond to the applicant with the amount of transmission capacity known to exist and determine if the prospective Transmission Customer wishes JEA to begin a Facilities Study.

The System Impact Study will evaluate the impact of the requested transaction on the JEA system. Consideration may be given to the impact on systems interconnected with JEA but JEA's findings will not be binding on any other system.

JEA will begin a System Impact Study by providing the Transmission Customer the following:

1. A list of assumptions;
2. The type of studies to be performed, e.g., load flows, stability, short circuit;
3. An estimate of the cost of the study;
4. An estimate of the cost of review by JEA's Bond Counsel, if appropriate;
5. An estimate of the schedule of time the JEA will need to perform the study.

When the System Impact Study is complete, the JEA will notify the Transmission Customer of the findings.

1. JEA will tender a Service Agreement if there is adequate transmission capacity and JEA's Bond Counsel has no concerns about the proposed transaction. Failure of the Transmission Customer to execute and return the Service Agreement within fifteen (15) days after it is tendered by JEA will be deemed a withdrawal and termination of the Application.
2. JEA will provide information about constraints if there is inadequate transmission capacity. JEA will ask if the prospective Transmission Customer wishes JEA to begin a Facilities Study. Failure of the Transmission Customer to execute and return the Facilities Study Agreement within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application.

ATTACHMENT E

Index Of Point-To-Point Transmission Service Customers

<u>Customer</u>	<u>Date of Service Agreement</u>
-----------------	----------------------------------

ATTACHMENT F

Service Agreement for Network Integration Transmission Service

To be developed upon the receipt of a Completed Application for Network Service from an Eligible Customer.

ATTACHMENT G
STANDARD FORM OF
NETWORK OPERATING AGREEMENT

To be developed upon the receipt of a Completed Application for Network Service from an Eligible Customer.

ATTACHMENT H

Annual Transmission Revenue Requirement For Network Integration Transmission Service

To be developed upon the receipt of a Completed Application for Network Service from an Eligible Customer.

There are no customers within the JEA's Control Area that could qualify as network customers; therefore JEA has not calculated a network rate at this time.

ATTACHMENT I

Index Of Network Integration Transmission Service Customers

<u>Customer</u>	<u>Date of Service Agreement</u>
-----------------	--------------------------------------

2000 and 2001 Short-Term Transmission Revenues

	(a) 2000 Short-Term Transmission Service Revenues	(b) 2001 Short-Term Transmission Service Revenues	(c) 2000 Sales to End-Use Customers(MWh)*	(d) 2001 Sales to End-Use Customers(MWh)*	(e) 2000 \$ per MWh (a)/(c)	(f) 2001 \$ per MWh (b)/(d)
JEA	\$8,489,917	\$10,290,855	10,112,966	11,961,105	\$0.840	\$0.860
Florida Power & Light	\$7,531,933	\$8,199,480	87,969,473	90,294,066	\$0.086	\$0.091
Florida Power Corporation	\$6,515,735	\$4,875,771	34,831,932	35,262,905	\$0.187	\$0.138
Tampa Electric Company	\$613,198	\$648,338	16,637,860	16,976,047	\$0.037	\$0.038
Seminole Electric Cooperative, Inc.	\$955,058	\$768,808	11,725,582	12,436,931	\$0.081	\$0.062
Gainesville Regional Utilities	\$0	\$0	1,655,687	1,695,692	\$0.000	\$0.000
Lakeland Electric	\$6,994	\$0	2,542,870	2,562,778	\$0.003	\$0.000
Tallahassee	\$841,397	\$1,341,828	2,441,138	2,431,013	\$0.345	\$0.552
Florida Municipal Power Agency	\$0	\$0	Not available	Not available	Not available	Not available
Kissimmee Utility Authority	\$61,124	\$41,928	1,065,354	1,094,880	\$0.057	\$0.038
Orlando Utilities Commission	\$216,219	\$302,892	5,035,886	5,218,750	\$0.043	\$0.058
Totals	\$25,231,575	\$26,469,900	174,018,748	179,934,167	\$0.145	\$0.147

*Note: Sales data taken from "Statistics of the Florida Electric Industry, 2000" and "Statistics of the Florida Electric Industry, 2001" published by the Florida Public Service Commission.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to all parties listed below and also by (*) Hand-Delivery, (**) E-mail or (***)Overnight courier as indicated on this 27th day of September, 2002.

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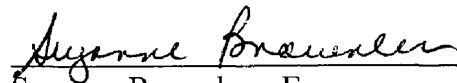
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