

Control Number: 31056



Item Number: 337

Addendum StartPage: 0

SOAH DOCKET NO. 473-05-7455
PUC DOCKET NO. 31056

APPLICATION OF AEP TEXAS CENTRAL COMPANY AND CPL RETAIL ENERGY, LP
TO DETERMINE TRUE-UP BALANCES PURSUANT TO PURA §39.262 AND PETITION
TO DETERMINE AMOUNT OF EXCESS MITIGATION CREDITS TO BE REFUNDED
AND RECOVERED

AEP TEXAS CENTRAL COMPANY'S RESPONSE TO
CITIES' TWENTY-SECOND REQUEST FOR INFORMATION

AUGUST 5, 2005

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**SOAH DOCKET NO. 473-05-7455
PUC DOCKET NO. 31056**

APPLICATION OF AEP TEXAS	§	PUBLIC UTILITY COMMISSION
CENTRAL COMPANY AND CPL	§	
RETAIL ENERGY, LP TO DETERMINE	§	
TRUE-UP BALANCES PURSUANT TO	§	OF
PURA §39.262 AND PETITION TO	§	
DETERMINE AMOUNT OF EXCESS	§	
MITIGATION CREDITS TO BE	§	TEXAS
REFUNDED AND RECOVERED	§	

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO
CITIES' TWENTY-SECOND REQUEST FOR INFORMATION**

Question No. 22-JM-1:

Indicate whether the Merrill data site utilized during the auction remains in operation. If so, provide instructions on how it can be accessed.

Response No. 22-JM-1:

Yes, the Merrill data site utilized during the auction is in operation. Instructions on how to obtain access to the data site can be found in Mr. Miracle's workpaper WP/MIRACLE/4.

Prepared By: Roger L. Bentz
Debbie Agaus
Sponsored By: Rocky R. Miracle

Title: Consultant
Consultant
Title: Dir. Business Opers. Suppt.

**SOAH DOCKET NO. 473-05-7455
PUC DOCKET NO. 31056**

APPLICATION OF AEP TEXAS CENTRAL COMPANY AND CPL RETAIL ENERGY, LP TO DETERMINE TRUE-UP BALANCES PURSUANT TO PURA §39.262 AND PETITION TO DETERMINE AMOUNT OF EXCESS MITIGATION CREDITS TO BE REFUNDED AND RECOVERED	§ § § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO
CITIES' TWENTY-SECOND REQUEST FOR INFORMATION**

Question No. 22-JM-2:

With reference to TCC's response to RFI AVHIII-35(b), are the documents designated with the Bates stamp numbers 000057 through 000096 in the Confidential attachment to the Company's response to Cities RFI JM3-3 the documents that formed the basis for the Company's decision not to pursue a stock valuation method for valuing its generating assets? If not, identify by Bates page number any other documents referenced in the response to AVHIII-35(b) which also formed the basis for the decision not to pursue one of the stock valuation methods. If there are documents which also formed the basis for the decision not to pursue one of the stock valuation methods other than those cited in the Company's response to AVHIII-35(b), identify and provide copies of any such documents. To the extent the Company cites to existing RFI responses, cite the specific Bates stamp pages to which it is making reference.

Response No. 22-JM-2:

The referenced pages to Cities' Third Request for Information, Question No. JM 3-3 were not the basis for TCC's decision not to pursue a stock valuation methodology. However, these pages did provide analysis supporting that decision. TCC's decision not to pursue a stock valuation methodology was primarily a function of TCC's decision to pursue the sale of its generation assets in order to determine their market value.

The entirety of Cities' Third Request for Information, Question No. JM 3-3 includes documentation of TCC's analyses of alternative valuation methodologies. Specific reference is also made to pages 1127-1176 of that RFI response for additional quantitative analyses of the stock valuation methodologies. However, the decision to pursue the sale of assets method was based upon the methodology that best fit TCC's specific situation and mitigated stranded costs. PURA allowed the affiliated PGCs the ability to choose a market valuation methodology.

Prepared By: David G. Carpenter
Sponsored By: Thomas M. Hagan
David G. Carpenter
Rocky R. Miracle

Title: Dir. Texas Regulatory Services
Title: Executive VP, AEP Utilities West
Dir. Texas Regulatory Services
Dir. Business Ops. Suppt.

**SOAH DOCKET NO. 473-05-7455
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APPLICATION OF AEP TEXAS	§	PUBLIC UTILITY COMMISSION
CENTRAL COMPANY AND CPL	§	
RETAIL ENERGY, LP TO DETERMINE	§	
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PURA §39.262 AND PETITION TO	§	
DETERMINE AMOUNT OF EXCESS	§	
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REFUNDED AND RECOVERED	§	

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO
CITIES' TWENTY-SECOND REQUEST FOR INFORMATION**

Question No. 22-JM-3:

With reference to page 1 of Attachment 1 to the Company's response to AVHIII-18 (1/27/99 STPNOC Board Meeting), provide copies of all documents associated with the evaluation of, and the ultimate decision not to "join the project of Private Fuel Storage, L.L.C."

Response No. 22-JM-3:

No documents associated with the referenced evaluation or Board decision have been identified by TCC.

Prepared By: Chris A. Johnson
Sponsored By: Chris A. Johnson

Title: Senior Project Manager IX
Title: Senior Project Manager IX

**SOAH DOCKET NO. 473-05-7455
PUC DOCKET NO. 31056**

APPLICATION OF AEP TEXAS CENTRAL COMPANY AND CPL RETAIL ENERGY, LP TO DETERMINE TRUE-UP BALANCES PURSUANT TO PURA §39.262 AND PETITION TO DETERMINE AMOUNT OF EXCESS MITIGATION CREDITS TO BE REFUNDED AND RECOVERED	§ § § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
---	--------------------------------------	--

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO
CITIES' TWENTY-SECOND REQUEST FOR INFORMATION**

Question No. 22-JM-4:

With reference to pages 10 and 15 of Confidential Attachment 2 to the Company's response to AVHIII-18 (8/15/00 and 8/16/00 STP Owners Committee Meetings), provide copies of all documents associated with the "STP Core Team on Deregulation."

Response No. 22-JM-4:

The Core Team was primarily focused on the ERCOT protocols under development and what STP needed to do to properly integrate with ERCOT. The issues list for the team to work on was assigned as modified in the Owners Committee Meeting of August 16, 2000. The issue list is provided in the non-confidential Attachment 1 to this response. The results of this assignment are contained in the following documents.

The Core Team recommended the need for an interconnection agreement between STPNOC and the Transmission Owners providing transmission services at the STP switchyard. The STP Interconnection Agreement is in the Merrill datasite at location 13.1.B.8 and is provided in the non-confidential Attachment 2 to this response.

The Core Team recommended the need for and helped develop the contracts related to a master coordinator to act as the interface with ERCOT on STP operation and a retail provider for times when both STP Units were offline. The contract establishing the master coordinator is in the Merrill datasite at location 13.7.G.2.d and the contract for the retail provider is in the Merrill datasite at location 13.7.G.2.b.1. Both contracts are provided in Highly Sensitive Attachment 3 to this response.

The information in Attachment 3 responsive to this request is HIGHLY SENSITIVE under the terms of the Protective Order issued in Docket No. 31056. The Highly Sensitive information is available for review at the Austin offices of American Electric Power Company (AEP), 400 West 15th Street, Suite 610, Austin, Texas, 78701, (512) 481-4562, during normal business hours.

Prepared By: Chris A. Johnson
Sponsored By: Chris A. Johnson

Title: Senior Project Manager IX
Title: Senior Project Manager IX

STP Retail Operations Issues

	Issues	Date Needed
1.	Metering of Plant Production Determine equipment requirements and placement. (Done) Effect of metering changes on payment/allocation of plant fuel disposal fees? Who has the contract with DOE?	4/28/00
2.	ISO Protocols associated with offsite power to STP Load flow studies – who is responsible? What are the commitments in the license? Black Start - Pre Hurricane land fall grid stability	10/1/00
3. *	Marginal Cost of operation Define parameters of a study/request study	6/1/01
4.	How will STP be represented to the ISO? Split the meter? (Done) Use one of the Owners as QSE? Hire an independent QSE or use STP staff?	12/1/00
5.	Settlement of STP production Settlement among the Owners (Who pays, who gets the receipts?) Disposition of plant excess production Deratings, unit forced outages Energy Accounting	12/1/00
6. *	Operation of Auxiliary loads – Optimization Strategy Safety Train issues River pumps	6/1/01
7.	Representation of Retail Load at STP Who will purchase retail service if any? Who will they buy from?	12/1/00
8.	Communications – Daily Scheduling of Output Communication channels among owners. Communication channels between plant and owners. Disposition of EMS web Determination of Plant Availability	1/1/01
9.	Business Ethics Conduct of staff in the new market Develop guidance for plant personnel	3/1/01
10. *	Participation of STP in the New Wholesale Market Strategy on Outages in the new market Communications on operation planning Incentive Management	6/1/01
11.	Code of Conduct Confirm legal requirements Identify T&D responsibilities of plant staff? Joint meeting with Substation Committee to evaluate asset unbundling issues	3/1/01

* A question has been raised as to whether or not these issues should be within the scope of the CORE Team.

8/11/00

**SOUTH TEXAS PROJECT
INTERCONNECTION AGREEMENT**

By and Between

**RELIANT ENERGY, INCORPORATED
CENTRAL POWER AND LIGHT COMPANY
CITY OF SAN ANTONIO, TEXAS
CITY OF AUSTIN, TEXAS**

And

**STP NUCLEAR OPERATING COMPANY ON BEHALF OF THE OWNERS OF
THE SOUTH TEXAS PROJECT**

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SOUTH TEXAS PROJECT INTERCONNECTION AGREEMENT

This South Texas Project Interconnection Agreement ("Agreement") is made and entered into this 15th day of August, 2002, between Reliant Energy, Incorporated; Central Power and Light Company; the City of San Antonio; acting through the City Public Service Board of San Antonio, and the City of Austin ("Transmission and Distribution Service Providers") and the STP Nuclear Operating Company ("OPCO") on behalf of and as agent for the Owners of the South Texas Project, each hereinafter individually referred to as "Party," and collectively referred to as "Parties." In consideration of the mutual covenants and agreements herein contained, the Parties hereto agree as follows:

Transmission and Distribution Service Providers represent that they are public utilities that own and operate facilities for the transmission and distribution of electricity. OPCO represents that it operates the Plant on behalf of the STP Owners. Pursuant to the terms and conditions of this Agreement, Transmission and Distribution Service Providers shall interconnect Owners' Plant with Transmission and Distribution Service Provider's Systems as set forth herein.

This Agreement applies only to the Plant and the Parties' interconnection facilities as identified in Exhibit "B" of this Agreement.

This Agreement shall become effective on August 15, 2002, (the "Effective Date") subject to Governmental Authority approval, if required, and shall continue in full force and effect until terminated in accordance with Exhibit "A" of this Agreement.

This Agreement will be subject to the following, all of which are incorporated herein:

- A. The "Terms and Conditions of the South Texas Project Interconnection Agreement" attached hereto as Exhibit "A";
- B. The ERCOT Requirements (unless expressly stated herein, where the ERCOT Requirements are in conflict with this Agreement, the ERCOT Requirements shall prevail);
- C. The PUCT Rules (where the PUCT Rules are in conflict with this Agreement, the PUCT Rules shall prevail);
- D. The Interconnection Details attached hereto as Exhibit "B";
- E. The notice requirements attached hereto as Exhibit "C"; and
- F. The Switchyard and Transmission Security and Interface Services Agreement attached hereto as Exhibit "D".

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

STP NUCLEAR OPERATING COMPANY
ON BEHALF OF THE OWNERS OF THE
SOUTH TEXAS PROJECT

By: W. S. C. S. C.

Title: Chair, Pres & CEO

Date: 8/15/02

CENTRAL POWER AND LIGHT COMPANY

By: P. Perut

Title: Vice President

DATE: 8/13/02

CITY OF AUSTIN

By: _____

Title: _____

DATE: _____

RELIANT ENERGY, INCORPORATED

By: _____

Title: _____

DATE: _____

CITY OF SAN ANTONIO,
ACTING THROUGH THE CITY PUBLIC
SERVICE BOARD

By: _____

Title: _____

DATE: _____

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

**STP NUCLEAR OPERATING COMPANY
ON BEHALF OF THE OWNERS OF THE
SOUTH TEXAS PROJECT**

By: _____

Title: _____

Date: _____

CENTRAL POWER AND LIGHT COMPANY

By: _____

Title: _____

DATE: _____

CITY OF AUSTIN

By: Al Lujan

Al Lujan

Title: Sr. VP, Electric Service Delivery

DATE: 8/5/02

RELIANT ENERGY, INCORPORATED

By: _____

Title: _____

DATE: _____

**CITY OF SAN ANTONIO,
ACTING THROUGH THE CITY PUBLIC
SERVICE BOARD**

By: _____

Title: _____

DATE: _____

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**STP NUCLEAR OPERATING COMPANY
 ON BEHALF OF THE OWNERS OF THE
 SOUTH TEXAS PROJECT**

By: _____

Title: _____

Date: _____

CENTRAL POWER AND LIGHT COMPANY

By: _____

Title: _____

DATE: _____

CITY OF AUSTIN

By: _____

Title: _____

DATE: _____

RELIANT ENERGY INCORPORATED

By: John C. Huston

Title: Vice President

DATE: 8/13/02

**CITY OF SAN ANTONIO,
 ACTING THROUGH THE CITY PUBLIC
 SERVICE BOARD**

By: _____

Title: _____

DATE: _____

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

STP NUCLEAR OPERATING COMPANY
ON BEHALF OF THE OWNERS OF THE
SOUTH TEXAS PROJECT

By: _____

Title: _____

Date: _____

CENTRAL POWER AND LIGHT COMPANY

By: _____

Title: _____

DATE: _____

CITY OF AUSTIN

By: _____

Title: _____

DATE: _____

RELIANT ENERGY, INCORPORATED

By: _____

Title: _____

DATE: _____

CITY OF SAN ANTONIO,
ACTING THROUGH THE CITY PUBLIC
SERVICE BOARD

By: Artil Marquez

Title: Senior Vice President

DATE: August 02, 2002

Exhibit "A"
Terms and Conditions of the
South Texas Project Interconnection Agreement

ARTICLE 1. DEFINITIONS

Capitalized terms shall have the meanings as set forth below, except as otherwise specified in the Agreement:

- 1.1 "CCN" shall mean a Certificate of Convenience and Necessity issued by the PUCT.
- 1.2 "Control Area" shall have the meaning ascribed thereto in PUCT Rule 25.5(8) or its successor.
- 1.3 "ERCOT" shall mean the Electric Reliability Council of Texas, Inc.
- 1.4 "ERCOT Requirements" means the ERCOT Operating Guides, ERCOT Generation Interconnection Procedures as well as any other documents adopted by ERCOT relating to the interconnection and operation of generators and transmission systems in ERCOT as amended from time to time, and any successors thereto. Any requirement in the foregoing documents imposed upon generation entities or generation facilities shall become the responsibility of the Owners, and any requirements imposed on transmission providers or transmission facilities shall become the responsibility of the TDSP.
- 1.5 "GIF" shall mean Generator's interconnection facilities as described in Exhibit "B" of this agreement.
- 1.6 "Good Utility Practice" shall have the meaning described in PUCT Rule 25.5(23) or its successor.
- 1.7 "Governmental Authority(ies)" shall mean any federal, state, local or municipal body having jurisdiction over a Party.

1.8 "NRC or Nuclear Regulatory Commission" shall mean the United States Nuclear Regulatory Commission or its predecessor, the Atomic Energy Commission, or any successor having responsibility for the administration of the licensing and regulation of the operation of nuclear utilization facilities under the Atomic Energy Act of 1954 and any amendments thereto.

1.9 "Owner" shall mean each of the owners from time to time of the South Texas Project; as of the Effective Date, the Owners are:

<u>OWNER</u>	<u>UNDIVIDED INTEREST</u>
Central Power and Light Company	25.2%
City of Austin, Texas	16.0%
City of San Antonio, Texas, acting through its City Public Service Board	28.0%
Reliant Energy, Incorporated	30.8%

1.10 "Plant" shall mean the South Texas Project, the electric generation facility owned by the Owners and operated by OPCO.

1.11 "Point of Interconnection" shall mean the location(s) where the GIF connects to the TIF as negotiated and defined by the Parties and as shown on Exhibit "B" of this Agreement.

1.12 "PUCT" shall mean the Public Utility Commission of Texas.

1.13 "PUCT Rules" shall mean the Substantive Rules of the PUCT.

1.14 "Reasonable Efforts" shall mean the use of Good Utility Practice and the exercise of due diligence (pursuant to PUCT Rule 25.196(e)).

1.15 "South Texas Project" shall mean the two unit nuclear steam electric generating station located in Matagorda County, Texas.

1.16 "System Protection Equipment" shall mean those facilities located within the TIF and the GIF as described in Section 3.6.

1.17 "TCOS" shall mean the TDSPs' transmission cost of service as allowed by the applicable Governmental Authority.

1.18 "TIF" shall mean the TDSPs' interconnection facilities as described in Exhibit "B" to this Agreement.

1.19 "TDSP" shall mean each of the Transmission and Distribution Service Providers connected to the Plant.

1.20 "TDSP System" shall mean the electric transmission and distribution facilities, including the TIF, and all associated equipment and facilities owned and/or operated by the TDSP.

ARTICLE 2. REGULATORY FILINGS

2.1 Filing. Each TDSP shall file this executed Agreement with the appropriate Governmental Authority, if required. Any portions of this Agreement asserted by OPCO or an Owner to contain competitively sensitive commercial or financial information shall be filed by the TDSP identified as "confidential" under seal stating, for the TDSP's showing of good cause, that a Party asserts such information is confidential information and has requested such filing under seal. If requested by the TDSP, the Party asserting confidentiality shall provide the TDSP, in writing, with the basis for asserting that the information referred to in this Section 2.1 is competitively sensitive information, and the TDSP may disclose such writing to the appropriate Governmental Authority.

2.2 Regulatory Approvals. Unless exempt, a TDSP shall timely request from ERCOT and PUCT all regulatory approvals necessary for it to carry out its responsibilities under this Agreement. Such approvals shall include any CCN required for the construction of the TIF.

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Cities' 22nd, Q. # 4
Attachment 2
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SOAH Docket No. 473-05-7455
Docket No. 31056
Cities' 22nd, Q. # 4
Attachment 2
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**SOUTH TEXAS PROJECT
INTERCONNECTION AGREEMENT**

By and Between

**RELIANT ENERGY, INCORPORATED
CENTRAL POWER AND LIGHT COMPANY
CITY OF SAN ANTONIO, TEXAS
CITY OF AUSTIN, TEXAS**

And

**STP NUCLEAR OPERATING COMPANY ON BEHALF OF THE OWNERS OF
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This Agreement applies only to the Plant and the Parties' interconnection facilities as identified in Exhibit "B" of this Agreement.

This Agreement shall become effective on August 15, 2002, (the "Effective Date") subject to Governmental Authority approval, if required, and shall continue in full force and effect until terminated in accordance with Exhibit "A" of this Agreement.

This Agreement will be subject to the following, all of which are incorporated herein:

- A. The "Terms and Conditions of the South Texas Project Interconnection Agreement" attached hereto as Exhibit "A";
- B. The ERCOT Requirements (unless expressly stated herein, where the ERCOT Requirements are in conflict with this Agreement, the ERCOT Requirements shall prevail);
- C. The PUCT Rules (where the PUCT Rules are in conflict with this Agreement, the PUCT Rules shall prevail);
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- E. The notice requirements attached hereto as Exhibit "C"; and
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STP NUCLEAR OPERATING COMPANY
ON BEHALF OF THE OWNERS OF THE
SOUTH TEXAS PROJECT

By: LOT CSO

Title: Chair, Pres & CEO

Date: 8/15/02

CENTRAL POWER AND LIGHT COMPANY

By: [Signature]

Title: Vice President

DATE: 8/13/02

CITY OF AUSTIN

By: _____

Title: _____

DATE: _____

RELIANT ENERGY, INCORPORATED

By: _____

Title: _____

DATE: _____

CITY OF SAN ANTONIO,
ACTING THROUGH THE CITY PUBLIC
SERVICE BOARD

By: _____

Title: _____

DATE: _____

SOAH Docket No. 473-05-7455
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Page 15 of 55

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ON BEHALF OF THE OWNERS OF THE
SOUTH TEXAS PROJECT

By: _____

Title: _____

Date: _____

CENTRAL POWER AND LIGHT COMPANY

By: _____

Title: _____

DATE: _____

CITY OF AUSTIN

By: Al Lujan

Al Lujan

Title: Sr. VP, Electric Service Delivery

DATE: 8/5/02

RELIANT ENERGY, INCORPORATED

By: _____

Title: _____

DATE: _____

CITY OF SAN ANTONIO,
ACTING THROUGH THE CITY PUBLIC
SERVICE BOARD

By: _____

Title: _____

DATE: _____

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SOUTH TEXAS PROJECT

By: _____

Title: _____

Date: _____

CENTRAL POWER AND LIGHT COMPANY

By: _____

Title: _____

DATE: _____

CITY OF AUSTIN

By: _____

Title: _____

DATE: _____

RELIANT ENERGY, INCORPORATED

By: John C. Houston

Title: Vice President

DATE: 8/13/02

CITY OF SAN ANTONIO,
ACTING THROUGH THE CITY PUBLIC
SERVICE BOARD

By: _____

Title: _____

DATE: _____

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ON BEHALF OF THE OWNERS OF THE
SOUTH TEXAS PROJECT

By: _____

Title: _____

Date: _____

CENTRAL POWER AND LIGHT COMPANY

By: _____

Title: _____

DATE: _____

CITY OF AUSTIN

By: _____

Title: _____

DATE: _____

RELIANT ENERGY, INCORPORATED

By: _____

Title: _____

DATE: _____

CITY OF SAN ANTONIO,
ACTING THROUGH THE CITY PUBLIC
SERVICE BOARD

By: Isidil Marquez

Title: Senior Vice President

DATE: August 02, 2002

SOAH Docket No. 473-05-7455
Docket No. 31056
Cities' 22nd, Q. # 4
Attachment 2
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Exhibit "A"
Terms and Conditions of the
South Texas Project Interconnection Agreement

ARTICLE 1. DEFINITIONS

Capitalized terms shall have the meanings as set forth below, except as otherwise specified in the Agreement:

- 1.1 "CCN" shall mean a Certificate of Convenience and Necessity issued by the PUCT.
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- 1.3 "ERCOT" shall mean the Electric Reliability Council of Texas, Inc.
- 1.4 "ERCOT Requirements" means the ERCOT Operating Guides, ERCOT Generation Interconnection Procedures as well as any other documents adopted by ERCOT relating to the interconnection and operation of generators and transmission systems in ERCOT as amended from time to time, and any successors thereto. Any requirement in the foregoing documents imposed upon generation entities or generation facilities shall become the responsibility of the Owners, and any requirements imposed on transmission providers or transmission facilities shall become the responsibility of the TDSP.
- 1.5 "GIF" shall mean Generator's interconnection facilities as described in Exhibit "B" of this agreement.
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1.9 "Owner" shall mean each of the owners from time to time of the South Texas Project; as of the Effective Date, the Owners are:

<u>OWNER</u>	<u>UNDIVIDED INTEREST</u>
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City of Austin, Texas	16.0%
City of San Antonio, Texas, acting through its City Public Service Board	28.0%
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1.10 "Plant" shall mean the South Texas Project, the electric generation facility owned by the Owners and operated by OPCO.

1.11 "Point of Interconnection" shall mean the location(s) where the GIF connects to the TIF as negotiated and defined by the Parties and as shown on Exhibit "B" of this Agreement.

1.12 "PUCT" shall mean the Public Utility Commission of Texas.

1.13 "PUCT Rules" shall mean the Substantive Rules of the PUCT.

1.14 "Reasonable Efforts" shall mean the use of Good Utility Practice and the exercise of due diligence (pursuant to PUCT Rule 25.196(e)).

1.15 "South Texas Project" shall mean the two unit nuclear steam electric generating station located in Matagorda County, Texas.

1.16 "System Protection Equipment" shall mean those facilities located within the TIF and the GIF as described in Section 3.6.

1.17 "TCOS" shall mean the TDSPs' transmission cost of service as allowed by the applicable Governmental Authority.

1.18 "TIF" shall mean the TDSPs' interconnection facilities as described in Exhibit "B" to this Agreement.

1.19 "TDSP" shall mean each of the Transmission and Distribution Service Providers connected to the Plant.

1.20 "TDSP System" shall mean the electric transmission and distribution facilities, including the TIF, and all associated equipment and facilities owned and/or operated by the TDSP.

ARTICLE 2. REGULATORY FILINGS

2.1 Filing. Each TDSP shall file this executed Agreement with the appropriate Governmental Authority, if required. Any portions of this Agreement asserted by OPCO or an Owner to contain competitively sensitive commercial or financial information shall be filed by the TDSP identified as "confidential" under seal stating, for the TDSP's showing of good cause, that a Party asserts such information is confidential information and has requested such filing under seal. If requested by the TDSP, the Party asserting confidentiality shall provide the TDSP, in writing, with the basis for asserting that the information referred to in this Section 2.1 is competitively sensitive information, and the TDSP may disclose such writing to the appropriate Governmental Authority.

2.2 Regulatory Approvals. Unless exempt, a TDSP shall timely request from ERCOT and PUCT all regulatory approvals necessary for it to carry out its responsibilities under this Agreement. Such approvals shall include any CCN required for the construction of the TIF.

ARTICLE 3. FACILITIES AND EQUIPMENT

3.1 Information Exchange. The Parties shall exchange information and mutually agree upon the design and compatibility of the Parties' interconnection facilities. The Parties shall work diligently and in good faith to make any necessary design changes to ensure compatibility of the GIF to the TDSP Systems.

3.2 GIF Information The Parties agree that the GIF has been designed and constructed in accordance with Good Utility Practice, ERCOT Requirements, and other applicable codes and standards in effect at the time of construction.

3.3 TIF Information. The Parties agree that the TIF has been designed and constructed in accordance with Good Utility Practice, ERCOT Requirements, and other applicable codes and standards in effect at the time of construction.

3.4 Equipment Changes.

A. For facilities not described in Exhibit "B" of this Agreement, if any Party plans to make equipment changes to the Plant, the GIF, the TIF, or the TDSP System which reasonably would be expected to affect the operation or performance of another Party's interconnection facilities, the Parties agree to notify the affected Party or Parties and OPCO, in writing, of such changes. It is understood and agreed that, to the extent any such change is identified through an interconnection study performed by a TDSP for a generating entity, nothing in this provision shall be interpreted to require the TDSP to violate confidentiality provisions ordered by statute or under ERCOT or PUCT rules. Such changes shall be made in accordance with ERCOT Requirements and coordinated between the Parties.

B. Each TDSP agrees not to modify its facilities, procedures, and practices in a manner that may result in failure of OPCO and the Owners to comply with Nuclear Regulatory

Commission regulations or commitments or the terms of the operating licenses, and agrees to obtain review and approval of any proposed changes in accordance with Exhibit "D" of this Agreement.

3.5 Metering, Telemetry and Communications Requirements.

A. Metering and telemetry of data will be accomplished in accordance with ERCOT Requirements. The specific metering, telemetry and communications equipment to be installed and data to be telemetered are described in Exhibit "B" of this Agreement.

B. At the Point of Interconnection, the metering and telemetry equipment shall be owned by each TDSP. However, each TDSP shall provide OPCO with metering and telemetry values in accordance with ERCOT Requirements.

C. A minimum set of inputs to the telemetry equipment is specified in Exhibit "B" of this Agreement. Additional sets of inputs may be subsequently mutually agreed upon.

D. A TDSP will notify OPCO immediately of unplanned work to repair failed equipment, will notify OPCO at least five (5) days in advance of any planned maintenance, inspection, testing, or calibration of the metering equipment, and will notify OPCO at least ten (10) days in advance of planned changes to equipment (replacement or programming) unless otherwise agreed. OPCO, or its designated representative, shall have the right to be present for these activities and to receive copies of any documents related to the procedures and results.

E. Periodically, in accordance with Good Utility Practice, tests will be performed by the owning Party to ensure the proper functioning of all metering, telemetry and communications equipment associated with the Point of Interconnection and both Parties' interconnection facilities, and to verify the accuracy of data being received by the TDSP, the Control Area(s) in

which the Plant and the TDSP are located and OPCO. All such tests will be performed consistent with ERCOT Requirements.

F. Each TDSP shall, in accordance with Good Utility Practice and ERCOT Requirements, specify communications protocols, including those necessary to transmit data from the metering equipment to the TDSP, that are necessary for the effective operation of the Plant and the GIF with the TDSP System. OPCO and the Owners shall make arrangements to procure and bear the cost of such facilities in accordance with the specified protocols.

G. The Parties must mutually agree to any changes to the meters, telemetry equipment, voltage transformers, current transformers, and associated panels, hardware, conduit and cable, which will affect the data being received by any other Party..

H. Each Party will promptly advise each other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible in accordance with ERCOT Requirements.

3.6 System Protection and Other Controls Requirements.

A. Each Party's facilities shall be designed to isolate any fault, or to correct or isolate any abnormality that would negatively affect the other Party's system or other entities connected to the TDSP System.

B. OPCO and the Owners shall be responsible for protection of its facilities consistent with ERCOT Requirements.

C. Each Party's protective relay design shall incorporate the necessary test switches or alternate method approved by the Parties to perform the tests required in Section 3.6.E. If test

switches are used, they will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and tripping the units operated by OPCO.

D. Each Party will test, operate and maintain System Protection Equipment in accordance with ERCOT Requirements. Each Party will provide reasonable notice to each other Party of any testing of its System Protection Equipment allowing such other Party the opportunity to have representatives present during testing of its System Protection Equipment.

E. At intervals suggested by Good Utility Practice or at intervals described in the ERCOT Requirements if so defined therein, and following any apparent malfunction of the System Protection Equipment, each Party shall perform both calibration and functional trip tests of its System Protection Equipment. Such tests may not require the tripping of any in-service generation unit. Such tests may, however, require that all protective relays and lockout contacts be activated.

3.7 No Annexation. Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

ARTICLE 4. OPERATION AND MAINTENANCE

4.1 Operation and Maintenance of Interconnection Facilities. The Parties agree to operate and maintain their systems in accordance with Good Utility Practice, the ERCOT Requirements, PUCT Rules and all applicable laws and regulations. Subject to any necessary ERCOT approval, each Party shall provide necessary equipment outages to allow each other Party to perform periodic maintenance, repair or replacement of its facilities. Such outages shall be scheduled at mutually agreeable times, unless conditions exist which a Party believes, in accordance with

Good Utility Practice, may endanger persons or property. No changes will be made in the normal operation of the Point of Interconnection without the mutual agreement of the Parties except as otherwise provided herein. All testing of the Plant that affects the operation of the Point of Interconnection shall be coordinated between the TDSP, ERCOT, and OPCO and will be conducted in accordance with ERCOT Requirements. For the purpose of this Section, "Good Utility Practice" includes, at a minimum, maintaining and operating the TDSP systems in such a way that the operation of the Plant consistent with Nuclear Regulatory Commission regulations or commitments of the terms of the Nuclear Regulatory Commission licenses OPCO or the Owners is not adversely affected. The TDSPs will annually provide OPCO with maintenance plans for the next year.

4.2 Land Rights and Easements. Terms and conditions addressing the rights of the TDSP, OPCO and the Owners regarding any facilities located on the other Party's property shall be addressed in a separate, duly executed and recorded easement or other agreement between the Parties. The Parties will mutually agree upon procedures to govern access to each other's property as necessary for the Parties to fulfill their obligations hereunder, consistent with the provisions of Exhibit "D" of this Agreement.

4.3 Switching and Clearance.

A. Any switching or clearances needed on the TIF or the GIF will be done in accordance with ERCOT Requirements.

B. Any switching and clearance procedure necessary to comply with Good Utility Practice or ERCOT Requirements that may have specific application to the Plant shall be consistent with the provisions of Exhibit "D" of this Agreement.

4.4 Start-Up and Synchronization. Consistent with ERCOT Requirements and the Parties'

mutually acceptable procedure, OPCO is responsible for the proper synchronization of the Plant to the TDSP System.

4.5 Routine Operational Communications. On a timely basis, the Parties shall exchange all information necessary to comply with ERCOT Requirements.

4.6 Power System Stabilizers. OPCO shall procure, install, maintain and operate power system stabilizers if required to meet ERCOT Requirements.

ARTICLE 5. DATA REQUIREMENTS

5.1 Data Acquisition. The acquisition of data to realistically simulate the electrical behavior of system components is a fundamental requirement for the development of a reliable interconnected transmission system. Therefore, the TDSP and OPCO shall be required to submit specific information regarding the electrical characteristics of their respective facilities to each other as described below in accordance with ERCOT Requirements.

5.2 Data Submission by TDSP. The data submitted by the TDSP includes transmission system data necessary to allow OPCO to select equipment and meet any short circuit, voltage, and stability requirements.

5.3 Data Submission by Generator. The data submitted by OPCO, including manufacturer data, shall include a completed copy of the following forms contained in the ERCOT Generation Interconnection Procedure: (1) Plant Description/Data and (2) Generation Stability Data. Data in the submissions shall be the most current Plant design or expected performance data. Data submitted for stability models shall be compatible with ERCOT standard models. If there is no compatible model, OPCO will work with an ERCOT designated consultant to develop and supply a standard model and associated data.

5.4 Data Supplementation. On the Effective Date, OPCO shall provide each TDSP any data changes due to equipment replacement, repair, or adjustment. Each TDSP shall provide OPCO any data changes due to equipment replacement, repair, or adjustment in the directly connected substation or any adjacent TDSP-owned substation that may affect the GIF equipment ratings, protection or operating requirements. The Parties shall provide such data 6 months prior to the date, or as mutually agreed upon, of the actual change in equipment characteristics. The Parties shall provide to each other a copy of any additional data later required by ERCOT concerning these facilities.

5.5 Data Exchange. Each TDSP shall provide to OPCO and OPCO shall provide to each TDSP, the real-time and forecasted data as required by ERCOT Requirements. The Parties will cooperate with one another in the analysis of disturbances to either the Plant or a TDSP's System by gathering and providing access, in accordance with ERCOT Requirements and PUCT Rules, to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records.

5.6 Real Time Operations. The TDSPs and the Owners shall comply with applicable ERCOT Operating Guides and ERCOT Operating Procedures regarding maintaining the Plant 345 kV switchyard voltage.

5.7 Long Term Planning. The TDSPs will review ERCOT five year planning studies and provide input or comments as necessary to determine (a) if voltage can be expected to be maintained within the range specified in ERCOT Requirements in the event of the loss of both Plant generating units and either (i) another generating unit or (ii) a material transmission element, and (b) if the Plant switchyard can be expected to exceed a short circuit rating of 50 kA. The TDSPs shall provide such information as will allow ERCOT to provide OPCO yearly

updates of the five-year planning studies. If any such planning studies indicate that either the voltage may be outside of the range specified in ERCOT Requirements for the conditions studied or that the short circuit rating may exceed 50 kA, the TDSPs and OPCO shall cooperate with ERCOT in addressing any such potential problem.

ARTICLE 6. PERFORMANCE OBLIGATION

6.1 OPCO and Owners' Cost Responsibility. OPCO will operate, test, and maintain the Plant and the GIF at its sole expense.

6.2 TDSP's Cost Responsibility. Each TDSP will operate, test, and maintain its TIF at its sole expense.

ARTICLE 7. INSURANCE

7.1 Any Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance, and Excess Public Liability Insurance policies maintained by a Party shall name each other Party, including each Owner, its parent, associated and affiliated companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of against the Other Party Group and provide thirty (30) days advance written notice to Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

7.2 Such Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased

beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

7.3 The requirements contained herein regarding insurance maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this Agreement.

7.4 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

ARTICLE 8. MISCELLANEOUS

8.1 Governing Law and Applicable Tariffs.

A. This Agreement for all purposes shall be construed in accordance with and governed by the laws of the State of Texas, excluding conflicts of law principles that would refer to the laws of another jurisdiction. The Parties submit to the jurisdiction of the federal and state courts in the State of Texas.

B. This Agreement is subject to all valid, applicable rules, regulations and orders of, and tariffs approved by, duly constituted Governmental Authorities.

C. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

8.2 No Other Services. This Agreement is applicable only to the interconnection of the Plant to the TDSP System at the Point of Interconnection and does not obligate any Party to provide, or entitle any Party to receive, any service not expressly provided for herein. Each Party is responsible for making the arrangements necessary for it to receive any other service that it may

desire from each other Party or any third party. This Agreement does not address the sale or purchase of any electric energy, transmission service or ancillary services by any Party.

8.3 Entire Agreement. This Agreement, including all Exhibits, Attachments and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants that constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement. Notwithstanding the other provisions of this Section, the Facilities Study Agreement, if any, is unaffected by this Agreement.

8.4 Notices. Except as otherwise provided in Exhibit "C", any formal notice, demand or request provided for in this Agreement shall be in writing and shall be deemed properly served, given or made if delivered in person, or sent by either registered or certified mail, postage prepaid, overnight mail or fax to the address or number identified on Exhibit "C" attached to this Agreement. Either Party may change the notice information on Exhibit "C" by giving five business days written notice prior to the effective date of the change.

8.5 Force Majeure.

A. The term "Force Majeure" as used herein shall mean any cause beyond the reasonable control of the Party claiming Force Majeure, and without the fault or negligence of such Party, which materially prevents or impairs the performance of such Party's obligations hereunder, including but not limited to, storm, flood, lightning, earthquake, fire, explosion, failure or imminent threat of failure of facilities, civil disturbance, strike or other labor

disturbance, acts of domestic or foreign terrorism, sabotage, war, national emergency, or restraint by any Governmental Authority.

B. Neither Party shall be considered to be in Default (as hereinafter defined) with respect to any obligation, other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Section shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

8.6 Default.

A. The term "Default" shall mean the failure of either Party to perform any obligation in the time or manner provided in this Agreement. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in Section 8.6.B, the defaulting Party shall have thirty (30) days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 30 days, the defaulting Party shall commence such cure within 30 days

after notice and continuously and diligently complete such cure within 90 days from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

B. If a Default is not cured as provided in this Section, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this Section will survive termination of this Agreement.

C. Upon termination of this Agreement, the Parties will disconnect the GIF from the TIF.

8.7 Intrastate Operation. The operation of the Plant by OPCO shall not cause there to be a synchronous or an asynchronous interconnection between ERCOT and any other transmission facilities operated outside of ERCOT unless ordered by the Federal Energy Regulatory Commission under Section 210 of the Federal Power Act. The Parties recognize and agree that any such interconnection will constitute an adverse condition giving the TDSP the right to immediately disconnect the TIF from the GIF, until such interconnection has been disconnected. The Owners will not be prohibited by this Section from interconnecting the Plant with facilities operated by the Comision Federal de Electricidad of Mexico, unless such interconnection would cause any Party that is not a "public utilities" under the Federal Power Act to become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission.

8.8 No Third Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

8.9 No Waiver. The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of obligations, rights, or duties imposed upon the Parties. Termination or Default of this Agreement for any reason by the Owners or OPCO shall not constitute a waiver of the Owners' legal rights to obtain an interconnection from a TDSP under a new interconnection agreement.

8.10 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

8.11 Amendment. This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties.

8.12 No Partnership This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or liability upon either Party. This Agreement does not provide any Party the right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.

8.13 Rights and Obligations of Owners. The rights and interests of the Owners in and to and under this Agreement and in and to all goods and services provided to or acquired by Owners under this Agreement are owned and held by the Owners in proportion to their Undivided Interests, and the obligations and undertakings of the Owners under and in connection with this

Agreement are several and not joint, and each Owner is and shall be liable and responsible only for its Undivided Interest of such obligations and undertakings.

8.14 Further Assurances. The Parties agree to (i) furnish upon request to each other such further information, (ii) execute and deliver to each other such other documents, and (iii) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement. Without limiting the generality of the foregoing, a TDSP shall when reasonably requested to do so by an Owner of the South Texas Project at any time after the execution of this Agreement, prepare and provide, at the requesting Owner's expense, such information in connection with this Agreement (including, if available, resolutions, certificates, opinions of counsel or other documents relating to the TDSP's corporate authorization to enter into this Agreement and to undertake the obligations set out herein) as may be reasonably required by any potential lender to such Owner under a proposed loan agreement. The TDSP will use commercially reasonable efforts to obtain any opinion of counsel reasonably requested by such Owner, but the TDSP shall not be in Default of any obligation under this Agreement if the TDSP is unable to provide an opinion of counsel that will satisfy any potential lender to the Owner. Specifically, upon the written request of one Party, the other Parties shall provide the requesting Party with a letter stating whether or not, up to the date of the letter, that Party is satisfied with the performance of the requesting Party under this Agreement.

8.15 Indemnification and Liability. The indemnification and liability provisions of the PUCT Rule 25.202(b)(2) or its successor shall govern this Agreement.

8.16 Consequential Damages IN NO EVENT SHALL ANY PARTY BE LIABLE UNDER ANY PROVISION OF THIS AGREEMENT FOR ANY LOSSES, DAMAGES, COSTS OR

EXPENSES FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFIT OR REVENUE, LOSS OF THE USE OF EQUIPMENT, COST OF CAPITAL, COST OF TEMPORARY EQUIPMENT OR SERVICES, WHETHER BASED IN WHOLE OR IN PART IN CONTRACT, IN TORT, INCLUDING NEGLIGENCE, STRICT LIABILITY, OR ANY OTHER THEORY OF LIABILITY; PROVIDED, HOWEVER, THAT DAMAGES FOR WHICH A PARTY MAY BE LIABLE TO THE OTHER PARTY UNDER ANOTHER AGREEMENT WILL NOT BE CONSIDERED TO BE SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES HEREUNDER.

8.17 Assignment. This Agreement may be assigned by a Party only with the written consent of the others; provided that a Party may assign this Agreement without the consent of the other Parties to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; and provided further that OPCO shall have the right to assign this Agreement for the benefit of an Owner of the South Texas Project, without the consent of the TDSP, for collateral security purposes to aid in providing financing for the Plant, provided that any secured party, trustee or mortgagee notifies the TDSP of any such assignment. Any financing arrangement entered into by an Owner pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the TDSP of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof.

Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

8.18 Severability. If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement.

8.19 Comparability. The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

8.20 Invoicing and Payment. PUCT Rules or applicable Governmental Authority shall govern invoicing and payment rights and obligations under this Agreement. Invoices shall be rendered to the paying Party at the address specified on, and payments shall be made in accordance with the requirements of, Exhibit "C".

8.21 Confidentiality.

A. Subject to the exception in Section 8.21.B, any information that a Party claims is competitively sensitive, commercial or financial information under this Agreement ("Confidential Information") shall not be disclosed by any other Party to any person not employed or retained by such other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary for a party to fulfill its obligations under this Agreement or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to ERCOT. The Party asserting confidentiality shall notify the other Parties in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential

Information under this subsection, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subsection, the disclosing Party agrees to promptly notify the affected Party in writing and agrees to assert confidentiality and cooperate with the affected Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

B. This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a breach of this provision).

Exhibit "B" Interconnection Details

- 1) Name: South Texas Project Electric Generating Station ("Plant")
- 2) Point of Interconnection Location:
 - A) TDSPs' South Texas 345 kV Substation ("South Texas Substation") and 138 kV Construction Power Line, located off of FM 521 approximately eight miles west of Wadsworth, Matagorda County, Texas. The specific points of interconnection are identified on the drawings which are attached to and a part of this Exhibit "B" for the purpose of reflecting ownership division only, and not to represent the current or future facilities on either side of the division of ownership.
 - B) Owner and TDSP have provided or will provide to each other easement(s), access rights, etc. on their respective properties, as applicable.
- 3) Delivery Voltage: 138 kV and 345 kV (nominal)
- 4) Number and Size of Generating Units, Step-up Transformers and Standby Transformers: Plant is comprised of two (2) generators with a total rating of approximately 2,500 MW, four (4) step-up transformers each rated for approximately 784 MVA and two (2) standby transformers each rated for approximately 87 MVA and three (3) site support facilities transformers (Site Facilities, Emergency and Reservoir Make-up Pumping) rated for approximately 25 MVA, 22.5 MVA and 18 MVA respectively.
- 5) Type of Generating Unit, Step-up Transformers and Standby Transformers: Two (2) Westinghouse pressurized water reactor nuclear steam supply systems and turbine generators rated at approximately 1,250 MW each. Each electric generating unit has its own pair of 362-25 kV step-up (main power) transformers, with the 25 kV winding connected to plant auxiliary transformers as well as the unit's generator through a generator breaker. Each pair of step-up transformers has a 345 kV manually operated disconnect switch for isolation. Each electric generating unit has an associated 345-13.8 kV standby transformer. Each standby transformer has a 345 kV manually operated disconnect switch for isolation. The three (3) site support facilities transformers (Site Facilities, Emergency and Reservoir Make-up Pumping) are 138-12.47 kV, 138-13.8 kV and 138 -4.16 kV respectively. Each site support facilities transformer has a 138 kV circuit switcher for isolation.
- 6) Inputs to Telemetry Equipment
 - A) OPCO will provide and maintain the existing analog and status signals originating at the Plant to TDSPs at TDSPs' South Texas Substation and/or TDSPs' energy management system, as applicable.
 - B) TDSPs will provide and maintain the existing analog and status signals originating at TDSPs' South Texas Substation to OPCO at the Plant, including access to real time switchyard breaker status.
 - C) By mutual agreement, TDSP and OPCO may choose to discontinue providing existing signals or to provide additional signals between Plant and South Texas Substation.

7) Generator Interconnection Facilities

- A) OPCO will operate and maintain a complete generation facility including, but not limited to, all generators, power system stabilizers (if required to meet ERCOT Requirements), generator step-up transformers, protective devices, and other transformers and associated foundations, the terminating structure(s), all relays necessary for the protection, synchronization and coordination of the generators, generator auxiliary equipment and all facilities up to the Point of Interconnection, as indicated on the drawings identified above.

8) Transmission and Distribution Service Provider Interconnection Facilities

- A) TDSPs shall operate and maintain bus works, supports, structures, circuit breakers, disconnect switches, relays and other equipment necessary for protection and coordination, controls, and wiring all as necessary to provide an interconnection between the Plant's generation facilities and the TDSP System.
- B) TDSPs will own and maintain the connection from TDSPs' equipment to the Point of Interconnection, as indicated on the drawings identified above.

9) Supplemental Terms and Conditions:

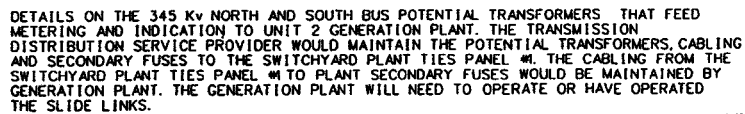
A. Each Party shall be solely responsible for keeping itself informed of, and understanding its respective responsibilities under, all applicable National Electric Reliability Council ("NERC") and ERCOT Requirements and all valid, applicable laws, rules, regulations and orders of, and tariffs approved by, duly constituted Governmental Authorities

B. Owners and OPCO will provide office and shop space in a building convenient to TDSP's South Texas Substation as reasonably necessary to support TDSP's responsibilities and undertakings under this Agreement.

C. Any telephone/communication system, potable water supply, sewer, wastewater services, DC power supply, AC station service supply, road and fence that are currently provided or maintained by one Party for the benefit of the other Party, limited to the generating facility and the TDSPs' substation facilities, shall continue to be maintained by that Party in such a manner and condition that such services shall be provided at their current levels and capabilities.

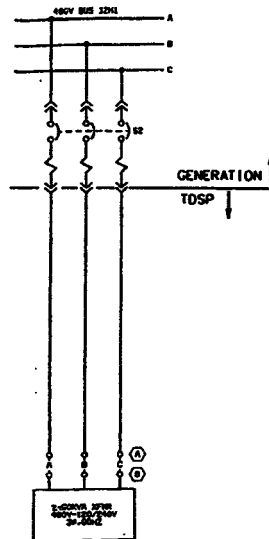
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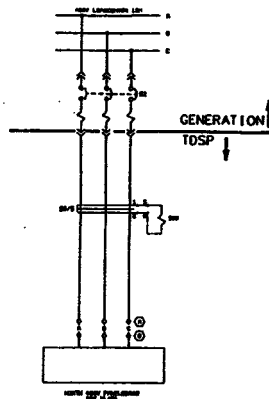




480vac FEED FROM THE 12H LOAD CENTER TO THE NORTH AND SOUTH 480 V PANEL BOARDS AND 50KVA TRANSFORMERS. THE GENERATION PLANT WILL MAINTAIN THE 12H LOAD CENTER FEEDER CIRCUIT BREAKERS. THE TRANSMISSION DISTRIBUTION SERVICE PROVIDER WILL MAINTAIN THE CABLING ATTACHED TO THE LOAD SIDE OF THE CIRCUIT BREAKERS. THE TRANSMISSION DISTRIBUTION SERVICE PROVIDER WILL NEED TO RACK OPEN/CLOSED OR HAVE RACKED OPEN/CLOSED THE CIRCUIT BREAKERS.

SWITCHYARD INFORMATION FROM
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