



Control Number: 35077



Item Number: 148

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PUBLIC UTILITY COMMISSION OF TEXAS
Substantive Rule 25.195(e)

Project No. 35077

Muleta Point of Interconnection Letter Agreement

Dated as of September 11, 2009

Among

Electric Transmission Texas, LLC

and

Lighthouse Electric Cooperative, Inc.

and

AEP Texas North Company

September 25, 2009

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Electric Transmission Texas
400 W. 15th Street, Suite 1500
Austin, TX 78701

September 11, 2009

Mr. Billy C. Harbin
Executive Vice President/General Manager
Lighthouse Electric Cooperative, Inc.
P.O. Box 600
Floydada, TX 79235-0600

RE: Muleta Point of Interconnection Letter Agreement

Dear Mr. Harbin:

This Muleta Point of Interconnection Letter Agreement ("Letter Agreement") is in response to the request of Lighthouse Electric Cooperative, Inc. ("LHEC") submitted to AEP Texas North Company ("AEP") to interconnect the Muleta Point of Interconnection to the AEP transmission system on AEP's Matador to Turkey 69 kV transmission line in Motley County, Texas (the "Project") pursuant to the interconnection agreement by and between LHEC and AEP dated January 1, 2000. The Project is necessary to allow LHEC to serve a new retail electric customer, Centurion Pipeline/OXY P. L. ("OXY") that is expected to be ready to commence commercial operation and begin taking electric service by October 30, 2009. AEP has now assigned responsibility for constructing and operating the Project under the interconnection agreement to Electric Transmission Texas, LLC ("ETT"), a joint venture of AEP Utilities, Inc. and MidAmerican Energy Holdings Company, and ETT has agreed to undertake the Project and to assume from AEP all rights and obligations with respect to the Project. In an effort to meet OXY's expected commercial operation date, LHEC has requested ETT to perform the work associated with the Project on an expedited basis. This Letter Agreement sets out the terms of agreement between LHEC and ETT for the procurement and installation of material and equipment to complete the proposed Muleta Point of Interconnection.

At LHEC's request, ETT will interconnect the Muleta Point of Interconnection to the AEP transmission system according to the terms of this Letter Agreement, Electric Reliability Council of Texas ("ERCOT") Requirements and Public Utility Commission of Texas ("PUCT") Rules. ETT's obligations hereunder are based on the assumption that the OXY retail load to be served by the Muleta Point of Interconnection will be approximately 1,500 kW and will be ready to commence commercial operation by October 30, 2009.

LHEC will use commercially reasonable efforts to construct and energize the White Flat Substation to make the White Flat Substation used and useful to receive capacity and energy by October 30, 2009. Likewise, ETT will use commercially reasonable efforts to construct and energize its interconnection facilities associated with the Project (using poles that had been scheduled for another job to eliminate the twelve week lead time). If OXY cancels its retail load project or if the OXY retail load is not ready to commence commercial operation and begin taking electric service through the White Flat Substation on or before February 1, 2010, then LHEC agrees to reimburse ETT for the actual installed costs incurred, and committed to be incurred, by ETT, and the actual costs of removal of the ETT material and equipment, that ETT determines cannot be recovered through transmission cost of service ("TCOS"). .

The total installed cost of the ETT material and equipment associated with the Project is estimated to be approximately Eight Hundred Thousand Dollars (\$800,000). The major components of the cost estimate are shown in Exhibit "A".

LHEC shall install, own, operate, and maintain material and equipment that comprise the Muleta Point of Interconnection as follows:

- 69-12.5 kV substation
- radial line from point of interconnection to LHEC substation (~1000 ft)
- 69 kV 600A sectionalizing switch with whips located in LHEC station (ETT will require 24/7 access)
- fused disconnect between the 69 kV 600A sectionalizing switch and 69-12.5 kV transformer
- 69-12.5 kV transformer

ETT shall install, own, operate, and maintain the following new facilities associated with the Project:

- 69 kV sectionalizing line switches (1 switch on either side of the tap point)
- ION meters
- B9 meter cabinet and junction boxes
- control cable
- cellular data device or POTS line, based on availability, to poll metering

LHEC will provide 120 VAC service to ETT's B9 meter cabinet and allow ETT 24/7 access to ETT's metering facilities and LHEC's 69 kV switch at the Muleta Point of Interconnection. LHEC will provide ETT connectivity to LHEC secondary metering PT/CT combo units. ETT's metering facilities will compensate for transformer and transmission losses.

A one-line diagram of the proposed Muleta Point of Interconnection is shown in Exhibit "B".

ETT agrees to use commercially reasonable efforts to achieve an in-service date of October 30, 2009 for the Muleta Point of Interconnection (subject to executing this Letter Agreement on or before September 14, 2009, and timely acquiring the necessary third party and LHEC temporary easements).

LHEC shall grant to ETT such real property interests as are necessary for ETT to perform the work contemplated by this Letter Agreement and to carry out activities under any interconnection agreement subsequently applicable to the Project.

ETT and LHEC shall each perform its obligations under this Letter Agreement in accordance with good utility practice.

LHEC acknowledges that ETT will be the interconnecting utility for the Muleta Point of Interconnection, with responsibility for constructing, operating and maintaining the physical interconnection. Upon execution of this Letter Agreement, LHEC and ETT agree to commence negotiation of an interconnection agreement (which will include LHEC's reimbursement commitment pursuant to this Letter Agreement if OXY has not achieved commercial operation at that time) and agree to use diligent, good faith efforts to complete that interconnection agreement on or before February 10, 2009. Unless otherwise agreed, this Letter Agreement shall terminate upon execution of the interconnection agreement, and the activities to be performed under this Letter Agreement shall be subsumed into that interconnection agreement.

If this Letter Agreement must be filed with any governmental authorities, ETT shall coordinate the preparation and submission of any required filings to such governmental authorities. Each party hereto will exercise commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper, or advisable in connection with such proceedings.

In no event shall either party be liable to the other for any incidental, indirect, special, punitive or consequential damages (including without limitation damages for lost profits).

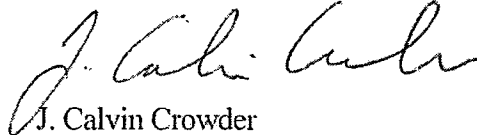
This Letter Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

Mr. Billy C. Harbin
September 11, 2009
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Please indicate your acceptance of this Letter Agreement by signing in the space provided and return one fully executed original to me.

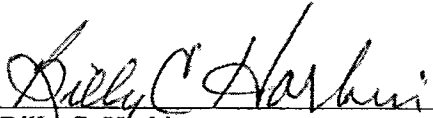
Sincerely,

ELECTRIC TRANSMISSION TEXAS, LLC


J. Calvin Crowder
President

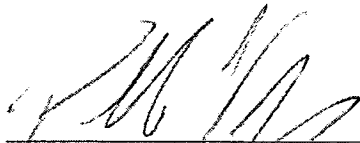
Agreed and Accepted:

LIGHTHOUSE ELECTRIC COOPERATIVE, INC.

By: 
Name: Billy C. Harbin
Title: Executive Vice President/General Manager
Date: 9/14/09

AEP Texas North Company ("AEP") hereby acknowledges that it has assigned responsibility to construct and operate the Project to ETT. AEP is executing this letter agreement for the sole purpose of acknowledging that assignment.

AEP TEXAS NORTH COMPANY

By: 
Name: Pablo Vegas
Title: President & COO
Date: 9/17/09

FINAL EXECUTION

Exhibit "A"

Cost Estimate

<u>Cost Component</u>	<u>Estimated Cost</u>
Direct Labor	\$449,403
Engineering	\$106,554
Material	\$236,968
Removal	\$5,500
Total	\$798,425

Exhibit "B"

One-line Diagram

