



Control Number: 35077



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PUBLIC UTILITY COMMISSION OF TEXAS
Substantive Rule 25.195(e)

Project No. 35077

Interconnection Agreement

Dated as of December 2, 2009

Between

Electric Transmission Texas, LLC

And

AEP Texas North Company

DECEMBER 11, 2009

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December 10, 2009

VIA OVERNIGHT DELIVERY

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Dear Secretary Bose:

Pursuant to Section 35.13 of the Commission's regulations, 18 CFR § 35.13, American Electric Power Service Corporation ("AEPSC"), as agent for AEP Texas North Company ("AEPTNC"), submits for filing an executed Interconnection Agreement (this "Interconnection Agreement") between AEPTNC and Electric Transmission Texas, LLC ("ETT"). This Interconnection Agreement provides for the initial interconnection of the transmission facilities of the TNC and ETT transmission systems. It is being filed as a nonconforming service agreement under the Open Access Transmission Service Tariff of the American Electric Power System ("AEP OATT").

Background and Reason for the Filing

The purpose of this filing is to establish the interconnection of the TNC transmission system to the transmission facilities of ETT. ETT is a newly established transmission service provider in the Electric Reliability Council of Texas ("ERCOT") that was formed as a joint venture between subsidiaries of American Electric Power Company and MidAmerican Electric Holdings Company. On December 21, 2007 the Public Utility Commission of Texas ("PUCT") granted ETT a Certificate of Convenience and Necessity (No. 30193) allowing it to become an electric utility company and transmission service provider in ERCOT. The transmission assets of TNC currently connect to ETT's Nicole Substation that is located in Coke County, Texas approximately 44 miles southwest of Abilene. Facility Schedule No. 1 of this Interconnection Agreement provides the description of the transmission facilities owned by ETT and TNC at this location.

Requested Effective Date

AEPSC requests an effective date of December 2, 2009 for this Interconnection Agreement.

Other Filing Requirements

AEPSC believes that the materials and information provided herewith are adequate to allow the Commission to accept this Interconnection Agreement for filing. This Interconnection Agreement does not provide for rates or charges so AEPSC is submitting no cost support. There are no specifically assigned facilities. To the extent that AEPSC has not complied with the technical requirements of the Commission's regulations applicable to this filing, AEPSC respectfully requests waiver of such regulations. AEPSC has served a copy of this filing on ETT and the PUCT. A copy of this filing is available for public inspection in AEPSC's offices in Tulsa, Oklahoma and Austin, Texas. Correspondence and communication concerning this filing should be addressed as follows:

Kevin F. Duffy
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This filing consists of an original and five (5) copies each of the following:

1. this transmittal letter; and
2. this Interconnection Agreement (designated as Service Agreement No. 676 under the AEP OATT)

Correspondence concerning this filing should be directed to me at (918) 599-2719 or at cashields@aep.com.

Respectfully submitted,



Chris A. Shields
Principal Regulatory Consultant

Enclosure

cc: Calvin Crowder - ETT
Kevin Duffy – AEPSC
Pablo Vegas - AEP Texas
Robert Pennybaker – AEPSC
Alexandra Hobbs - ETT
John Seidensticker - AEPSC
Steven Beaty – AEPSC
Lauri White – AEPSC

INTERCONNECTION AGREEMENT

DATED AS OF DECEMBER 2, 2009

BETWEEN

ELECTRIC TRANSMISSION TEXAS, LLC

AND

AEP TEXAS NORTH COMPANY

INTERCONNECTION AGREEMENT

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INTERCONNECTION AGREEMENT

This Interconnection Agreement (this "Agreement") is made and entered into this 2nd day of December, 2009, by and between AEP Texas North Company ("AEP") and Electric Transmission Texas, LLC, a Delaware limited liability company.

RECITALS

- A. The parties each own and operate electric utility systems in the State of Texas for the transmission of electric power and energy.
- B. The parties are both members of the Electric Reliability Council of Texas ("ERCOT") and are subject to regulation by the Public Utility Commission of Texas ("PUCT").
- C. The parties desire to provide for the interconnection of their respective electric systems in the respects, and under the terms and conditions, set forth below.

AGREEMENTS

NOW, THEREFORE, the parties hereby agree as follows:

1. DEFINITIONS; RULES OF CONSTRUCTION

1.1. Definitions.

As used in this Agreement, terms defined in Exhibit 1.1 have the meanings set forth therein.

1.2. Rules of Construction.

Unless the context of this Agreement requires otherwise, the plural includes the singular, the singular includes the plural, and "including" has the inclusive meaning of "including without limitation." The words "hereof," "herein," "hereby," "hereunder" and other similar terms of this Agreement refer to this Agreement as a whole and not exclusively to any particular provision of this Agreement. All pronouns and any variations thereof will be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the Person or Persons may require. Unless otherwise expressly provided, (a) references to any agreement, document or instrument shall mean such agreement, document or instrument as the same may be amended, modified, supplemented or replaced from time to time, including by waiver or consent; and includes all exhibits, schedules,

and attachments thereto; and (b) references to Applicable Law shall mean a reference to such Applicable Law as the same may be amended, modified, supplemented or restated and be in effect from time to time, including by succession of comparable successor law.

2. GENERAL PROVISIONS

2.1. Effective Date and Term.

This Agreement and any subsequent addendum to this Agreement will become effective on such effective date as accepted by the Federal Energy Regulatory Commission ("FERC"), or any other regulatory agency or agencies having jurisdiction. Unless otherwise mutually agreed, this Agreement will remain in effect so long as the parties continue to have interconnected facilities.

2.2. Objective and Scope.

- 2.2.1. It is the intent of the parties, by this Agreement, to state the terms and conditions under which the parties' transmission and distribution systems will be interconnected or wholesale metering points will be established and to identify the facilities and equipment provided by each party at the points of interconnection between their systems
- 2.2.2. This Agreement will apply to the ownership, control, operation, and maintenance of those facilities which are specifically identified and described in the Facility Schedules which are attached hereto and incorporated herein, to permit interchange of power and energy between the parties or to meter the power and energy delivered at a wholesale delivery point on a party's system.
- 2.2.3. This Agreement, including all attached Facility Schedules, constitutes the entire agreement and understanding between the parties with regard to the interconnection of the facilities of the parties at the Points of Interconnection expressly provided for in this Agreement. In the event of a conflict between a Facility Schedule and the body of this Agreement, the Facility Schedule will control. The parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof if not set forth or provided for herein. This Agreement replaces all other agreements and undertakings, oral and written, between the parties with regard to the subject matter hereof. It is expressly acknowledged that the parties may have other agreements covering other services not expressly provided for herein. Such

agreements are unaffected by this Agreement; however, this Agreement will be construed to not conflict with such other agreements.

3. ESTABLISHMENT AND TERMINATION OF POINTS OF INTERCONNECTION

- 3.1. The parties agree to interconnect their facilities at the locations, and in accordance with the terms and conditions, specified in Schedule 3.1 and the Facilities Schedules attached thereto. All Points of Interconnection will be specified in Schedule 3.1 and the Facilities Schedules as they may be amended from time to time. The Facility Schedules will specify the responsibilities of the parties with respect to ownership, control, operation, and maintenance of the connection facilities.
- 3.2. Unless otherwise provided in a Facility Schedule, each party will, at each Point of Interconnection, at its own risk and expense, design, install, or cause the design, and installation of its transmission or distribution facilities (including all apparatus and necessary protective devices) on its side of the Point of Interconnection, so as to reasonably minimize the likelihood of voltage and frequency abnormalities. The parties agree that all Points of Interconnection will be established in conformance with operating guidelines and the ERCOT Protocols, as the same may be amended hereafter. The parties agree to cause their systems to be constructed in accordance with specifications at least equal to those provided by the National Electrical Safety Code, approved by the American National Standards Institute, in effect at the time of construction. Each party will be responsible for meeting or exceeding these specifications for the equipment and facilities it owns at each Point of Interconnection.
- 3.3. From time to time, a Point of Interconnection may be added to or deleted from this Agreement as mutually agreed by the parties and/or as ordered by a regulatory authority having jurisdiction thereof. Any such addition or deletion will be made to Schedule 3.1 and the Facilities Schedules attached thereto in such a way that the numbering of the other Facility Schedules is not changed.

4. OTHER SERVICES

- 4.1. This Agreement is applicable only to the interconnection of the facilities of the parties at the Points of Interconnection and does not obligate either party to provide, or entitle either party to receive, any service not expressly provided for herein. Each party is responsible for making the arrangements necessary to receive any other services that either party may desire from the other party or any third party.

- 4.2. All transmission, transformation, distribution, metering, operations, and maintenance services will be provided and charged under agreements separate from this Agreement.

5. SYSTEM OPERATION AND MAINTENANCE

- 5.1. Unless otherwise provided by a Facility Schedule, each party will be responsible for the operation, maintenance, and inspection of all facilities owned by that party at each Point of Interconnection. Each party may change the O & M service provider that it uses to meet these operational responsibilities with written notice to the other party, and such notice shall include a transition plan. The notice shall be sent as much in advance of the change as possible and, except in the event that a party is terminating its service provider on grounds of default, in no event less than 90 days in advance of the change of service provider. Such transition plan will be in accordance with Good Utility Practices, ERCOT Protocols, and the substantive rules promulgated by the PUCT and shall address topics such as the implementation schedule, presence of qualified field service personnel, emergency response operations, and control center operations. The other party shall have the right to review and comment on the requirements of the transition plan, with such comments not to be unreasonably refused by the other party when determining such requirements.
- 5.2. Each party will operate its electrical network in such a manner that power flows that enter and exit that party's transmission network do not have undue impacts on the other party's transmission network. Operational responsibility by one party for facilities owned by the other party will be identified in the Facilities Schedule for that particular Point of Interconnection. Unless otherwise provided by the Facility Schedules, each party will operate the facilities within its transmission network. Transmission networks will be designed and operated so as to reasonably minimize the likelihood of a disturbance originating in the system of one party from affecting or impairing the system of the other party or other systems to which the party is interconnected.
- 5.3. Unless otherwise provided by a separate agreement, each party will perform the control center operations for the facilities it owns. These control center activities will include, but are not limited to, switching clearances for planned maintenance and operations, emergency system restoration, and overall coordination of such activities with ERCOT.
- 5.4. During the term of this Agreement, the parties will, consistent with Good Utility Practice, coordinate their operations to maintain continuity of service to their respective customers to the extent practicable. Planned maintenance by either party that will cause a deviation from the normal power and energy flow at a Point

of Interconnection will be scheduled at a mutually agreeable time. No changes will be made in the normal operation of a Point of Interconnection without the mutual agreement of the party. The parties will, to the extent necessary to support continuity of operations, coordinate the operation of protective devices on the facilities they own or operate in the proximity of the Points of Interconnection that might reasonably be expected to affect the operation of facilities on the other party's system.

- 5.5. Maintenance plans for facilities, including circuit breakers, that terminate at the transmission facilities owned by the other party will be subject to review and approval by the party that owns the transmission facilities. Such approval will not be unreasonably withheld.
- 5.6. Each party will provide the reactive requirements for its own system in accordance with the operating guidelines as established from time to time by ERCOT.
- 5.7. During periods of emergency conditions declared by ERCOT, or as necessary to restore customer service, either party may operate equipment that is normally operated by the other party, provided that authorization to do so must first be received from the party that normally operates the equipment. Such authorization shall not be unreasonably withheld or delayed. It will be considered reasonable for the party that normally operates such equipment to deny such a request by the other party if the withholding party will provide such operation within the time frame called for in the circumstances.
- 5.8. Each party will determine the operating limits of the facilities that it owns, and the operating party of those facilities will not exceed those limits without prior approval of the party owning the facilities.
- 5.9. Power Quality. Neither party's facilities shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard. In the event of a conflict between ANSI Standard C84.1-1989, or any applicable superseding electric industry standard, the applicable superseding electric industry standard shall control.
- 5.10. Switching and Tagging Rules. Each party agrees that the switching and tagging rules and policies followed to ensure safe electrical working conditions will be the most current approved switching and tagging rules and policies of the O & M service provider that is operating the facilities.

6. RIGHTS OF ACCESS, EQUIPMENT INSTALLATION, AND REMOVAL

- 6.1. Each party will permit duly authorized representatives and employees of the other party to enter upon its premises for the purpose of inspecting, testing, repairing, renewing, or exchanging any or all of the equipment owned by the other party that is located on such premises or for the purpose of performing any work necessary in the performance of this Agreement.
- 6.2. Each party grants to the other permission to install, maintain, and/or operate, or cause to be installed, maintained and/or operated, on its premises, the apparatus and devices necessary for metering, telemetering, recording, and communications required for the performance of this Agreement. Any such installation, maintenance, and operation will be performed, except in the case of emergencies, only after a schedule of such activity has been submitted and agreed upon by the parties.
- 6.3. Any and all equipment, apparatus, devices, or facilities installed, or caused to be installed by one party on, or in, the premises of the other party, will be and remain the property of the party owning and installing such equipment, apparatus, devices, or facilities, regardless of the mode and manner of annexation or attachment to real property. Upon the termination of any Point of Interconnection under this Agreement, the party owning and installing such equipment, apparatus, devices, or facilities on the property of the other party, will: (i) have the right to sell such equipment, apparatus, devices, or facilities to the other party or (ii) enter the premises of the other party and, within a reasonable time, remove such equipment, apparatus, devices, or facilities at no cost to the owner of the premises. If, upon the termination of any Point of Interconnection under this Agreement, equipment of a party that is installed on the premises of the other party is either not sold to the other party or removed by the owning party within a reasonable time, it will be considered abandoned by the owning party and may be disposed of by the other party in the manner it will determine appropriate; provided, however, that any net cost incurred by the disposing party will be reimbursed by the abandoning party.
- 6.4. Each party will clearly mark their respective equipment, apparatus, devices, or facilities that are placed or installed on the other party's premises with appropriate ownership identification.
- 6.5. Either party may request the other party to upgrade or modify the requested party's terminal facilities at a Point of Interconnection. Any upgrades or modifications will be made within a reasonable period of time when, (i) transmission planning studies demonstrate that the termination equipment may limit the transfer capability of the transmission system, and/or (ii) the termination equipment is not in accordance with the ERCOT Operating Guides on system protection relaying. In the cases where the ERCOT Operating Guides are silent, the requesting party may propose upgrades or modifications based on its own standards and the

requested party will not unreasonably deny such upgrades or modifications, but to the extent costs associated with such upgrades or modifications are specifically disallowed in a rate proceeding, the party that requested the upgrades or modifications will reimburse the other party for any disallowed costs.

7. METERING AND RECORDS

- 7.1. All metering equipment required herein will be selected, installed, tested, operated, and maintained by the party owning such metering equipment in accordance with Good Utility Practice, applicable ERCOT operating and metering guidelines, and the ERCOT Protocols.
- 7.2. The party that does not own the metering equipment will be permitted to witness any testing, inspection, maintenance, or alteration of such metering equipment owned by the other party. The owner of such equipment will give reasonable advance notice of all tests and inspections so that representatives of the other party may be present. After proper notification to the other party, the owner may proceed with the scheduled tests or inspections regardless of whether a witness is present.
- 7.3. If any test or inspection of metering equipment shows that it does not meet the accuracy requirements established by ERCOT operating or metering guidelines, whichever is applicable, the meter or other equipment found to be inaccurate or defective will be promptly repaired, adjusted, or replaced by the owner. Should metering equipment fail to register, the power and energy delivered and received will be determined in accordance with ERCOT operating or metering guidelines, whichever is applicable.
- 7.4. As long as metering, telemetering, or communications facilities are required by the ERCOT Protocols and are operated and maintained in accordance with ERCOT guidelines and Protocols, the party owning these facilities will allow the other party to read the meter by means of the existing telemetering and communications facilities. The other party will be responsible for any incremental costs incurred by the owning party to provide any meter reading capability over and above that which is required by the owning party.
- 7.5. In the event that metering, telemetering, or communications facilities are no longer required by the ERCOT Protocols and the party owning these facilities does not wish to continue to operate and maintain these facilities, the owning party may remove these facilities 3 months after it has notified in writing the other party of its plans. If these facilities that are no longer required by the ERCOT Protocols fail to operate accurately and/or the owning party does not wish to maintain these

facilities, the other party will be allowed to purchase at net book value, replace, own, operate, and maintain these facilities at its cost.

8. COMMUNICATION AND TELEMETERING FACILITIES

- 8.1 Unless specified otherwise in another written agreement between the parties, each party will provide, at its own expense, the necessary communication and telemetering facilities it needs for the control and operation of its transmission and distribution facilities that are the subject of this Agreement.
- 8.2 All communication and telemetering facilities required herein will be selected, installed, tested, and maintained by the party owning such equipment in accordance with Good Utility Practice, applicable ERCOT operating and metering guidelines, and the ERCOT Protocols.

9. INDEMNIFICATION

- 9.1. "Losses" means (i) demands, claims, actions, suits, investigations, and legal or other proceedings brought against an indemnified party by an unrelated third party, and any judgments or assessments, fines, or penalties rendered therein or any settlements thereof, and (ii) all liabilities, damages, losses, judgments, penalties, taxes, assessments, costs, and expenses incurred or suffered by a party hereto including reasonable attorney's fees (other than those computed on a contingency fee basis), court costs, and other documented out-of-pocket litigation expenses reasonably incurred by any indemnified party or parties), to the extent not reimbursed or paid for by insurance. However, "Losses" excludes any special, incidental, indirect, punitive, exemplary, or consequential damages (including but not limited to damages for loss of use of equipment, lost business opportunities or profits, or damage to reputation) whether arising in connection with or resulting from a breach of or default under this Agreement or arising in connection with or resulting from the design, materials, workmanship, condition, operation, use, performance, repair, or maintenance of a party's facilities, whether or not the defaulting party has been advised of the possibility of such loss or damage, except to the extent payments on account of or relating to such loss or damage are made to a third party. In all cases in which a Person is entitled to be indemnified in accordance with this Agreement, such indemnified party will be under a duty to take all commercially reasonable measures to mitigate all Losses
- 9.2. It is the specific and express intent and the agreement of the parties that to the fullest extent permitted by Applicable Law, each party will indemnify, defend, save, and hold harmless the other party, and its successors, permitted assigns, Corporate Affiliates, and its and their respective shareholders, members, partners (general and limited), officers, directors, managers, trustees, employees, agents,

attorneys, consultants, servants and representatives (each an “indemnified party”) from any and all Losses asserted against, resulting to, imposed upon or incurred by the indemnified party directly or indirectly, as a result of (i) a claim made by a third party to the extent arising of this Agreement or the activities of the parties hereunder and resulting from or attributable to the gross negligence or intentional misconduct of the party from whom indemnity is sought (the “indemnifying party”) or its Corporate Affiliates or any of its or their respective officers, directors, managers, trustees, employees, agents, attorneys, consultants, servants and representatives or (ii) a claim by any employee of the other party or any of its Corporate Affiliates if such claim or the recovery of damages by such Person was or would be limited or barred by the applicable workers’ compensation laws (whether or not a workers’ compensation claim is made by such Person against the Person’s employer or its Corporate Affiliate).

- 9.3. Any indemnified party will give the appropriate indemnifying party prompt written notice of any third party claim which may give rise to any indemnity obligation under this Article 9, together with the estimated amount of such claim, and the indemnifying party will have the right to assume the defense of any such claim through counsel of its own choosing (reasonably satisfactory to the indemnified party), by so notifying such indemnified party within 60 days of receipt of written notice under this Section 9.3. Failure to give prompt notice will not affect the indemnification obligations hereunder in the absence of actual prejudice. If any indemnified party desires to participate in any such defense assumed by the indemnifying party, it may do so at its sole cost and expense but the indemnifying party will retain control of any assumed defense. The indemnified party and its Corporate Affiliates will fully cooperate with (and cause it directors, managers, officers, employees, and representatives to fully cooperate with) the indemnifying party in the defense of any such claim.
- 9.4. No indemnifying party will, without the prior written consent of the indemnified party (which will not be unreasonably withheld), settle, compromise, or offer to settle or compromise any claim or demand on a basis which would result in the imposition of a consent order, injunction, or decree which would restrict the future activity or conduct of the indemnified party or any Corporate Affiliate thereof or if such settlement or compromise does not include an unconditional release of the indemnified party for any liability arising out of such claim or demand.
- 9.5. Assumption of the defense of any matter by the indemnifying party shall not constitute a waiver by such indemnifying party of its right to claim at a later date that such third party claim for which the defense was assumed is not a proper matter for indemnification pursuant to this Article 9; provided, however, that if the indemnifying party at any time determines that such claim is not a proper matter for indemnification pursuant to this Article 9, such indemnifying party shall (i)

immediately notify the indemnified party, (ii) turn over defense of the indemnified claim and all relevant documents and information to the indemnified party and (iii) reasonably cooperate in the transition of such defense to the indemnified party, in each case if so requested by the indemnified party.

- 9.6. Subrogation. In the event that an indemnifying party pays all or any portion of a third party claim or demand concerning which the indemnified party submits a claim for indemnification pursuant to this Article 9, the indemnifying party will be subrogated to any and all defenses, claims, or other matters which the indemnified party asserted or could have asserted against the third party making such claim or demand, and all related cross-claims which the indemnified party asserted or could have asserted against other Persons. The indemnified party will execute and deliver to the indemnifying party (at the indemnifying party's expense) such documents as may be reasonably necessary to establish by way of subrogation the ability of the indemnifying party to assert such defenses, claims, cross-claims, or other matters.
- 9.7. Survival of Indemnification Obligations. The provisions of this Article 9 will survive a termination of this Agreement.
- 9.8. Notwithstanding Sections 9.2, to the extent that any claim relates to or arises from any act, omission, event, or circumstance in the performance by AEP or one of its Corporate Affiliates under that certain Services Agreement between ETT and American Electric Power Service Corporation, a New York corporation, dated as of December 21, 2007 (the "Services Agreement"), the parties' obligations to indemnify each other under this Article 9 will be governed by the indemnification obligations set forth in Article 12 of the Services Agreement and the limitations of liability set forth in Article 11 of the Services Agreement in lieu of their obligations to indemnify each other under Section 9.2 of this Agreement.

10. LIMITATION OF LIABILITY

Except for claims of fraud or to extent expressly provided herein, neither party will be liable to the other for any special, incidental, indirect, punitive, exemplary, or consequential damages (including but not limited to damages for loss of use of equipment, lost business opportunities or profits, or damage to reputation), even if the defaulting party was aware of the possibility of such damages, regardless of the theory of liability under which such damages are sought.

11. FORCE MAJEURE

Excuse for Force Majeure Event. If, because of a Force Majeure Event, either party is rendered wholly or partly unable to perform its obligations under this Agreement (other than any obligation to pay money), that party will be excused from whatever performance is affected by the Force Majeure Event (other than any obligation to pay money) to the extent affected provided that:

- 11.1. The non-performing party oversees any interruption in its activities resulting from the Force Majeure Event in accordance with Good Utility Practices (to the extent practicable in light of the Force Majeure Event);
- 11.2. The non-performing party, within 10 days after the occurrence of the Force Majeure Event, gives the other party written notice describing the particulars of the occurrence;
- 11.3. The suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure Event;
- 11.4. The non-performing party uses its reasonable efforts to remedy its inability to perform (provided, however, that no party will be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the party involved in the dispute, are contrary to its interest, it being understood that the settlement of strikes, walkouts, lockouts or other labor disputes will be at the sole discretion of the party having the difficulty); and
- 11.5. When the non-performing party is able to resume performance of its obligations under this Agreement, that party will give the other party written notice to that effect.

12. SUCCESSORS AND ASSIGNS

- 12.1 Subject to the provisions of Section 12.2 below, this Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the respective Parties.
- 12.2 Neither Party shall assign its interest in this Agreement in whole or in part without the prior written consent of the other Party. Such consent shall not be unreasonably withheld, provided that neither Party will be required to consent to any assignment which would, in its sole judgment and among other reasons, subject it to additional federal or state regulation, result in the imposition of

additional costs of administration which the Party requesting consent to assignment does not agree to reimburse, or in any way diminish the reliability of its system, enlarge its obligations or otherwise create or maintain an unacceptable condition. The respective obligations of the Parties under this Agreement may not be changed, modified, amended, or enlarged, in whole or in part, by reason of the sale, merger, or other business combination of either Party with any other person or entity. Notwithstanding the foregoing, a Party may assign, without the consent of the other Party, its interest in this Agreement, in whole or in part, to a successor to all or a substantial portion of the Party's transmission business; to any affiliate of the assigning Party; to any transmission service provider with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; or for collateral security purposes in connection with any financing or financial arrangements.

- 12.3 The several provisions of this Agreement are not intended to and shall not create rights of any character whatsoever in favor of any persons, corporations, or associations other than the Parties to this Agreement, and the obligations herein assumed are solely for the use and benefit of the Parties to this Agreement.

13. GOVERNING LAW AND REGULATION

- 13.1. This Agreement shall be governed by, interpreted, construed, and enforced in accordance with the laws of the State of Texas except as to matters exclusively controlled by the Constitution and statutes of the United States of America. This Agreement is subject to all valid applicable federal, state, and local laws, ordinances, rules, and regulations of duly constituted regulatory authorities having jurisdiction.
- 13.2. After execution by both parties, AEP will file this Agreement with FERC with copies of such filing provided to the PUCT.
- 13.3. This Agreement, and all obligations hereunder, are expressly conditioned upon obtaining approval, authorization, or acceptance for filing by any regulatory body, whose approval, authorization, or acceptance for filing is required by law. Both parties hereby agree to support the approval of this Agreement before such regulatory authority and to provide such documents, information, and opinions as may be reasonably required or requested by either party in the course of approval proceedings.
- 13.4. In the event that a regulatory authority having jurisdiction over the parties orders a material change in the terms of this Agreement or there is another material change in Applicable Law affecting the performance, rights, or obligations of the parties hereunder, the affected party will be excused from the performance of that duty or

obligation, and the parties agree to negotiate in good faith a replacement term that will most nearly accomplish the purpose and intent of the original term consistent with the regulatory order. Neither party will have an obligation to agree to any amendment that would materially change the risks and benefits (including after-tax benefits) of this Agreement to that party or change the accounting treatment that is applied by that party to transactions under this Agreement. If the parties cannot reach an agreement over the new term and if the old term is an essential provision of this Agreement, either party may elect to terminate this Agreement, by providing notice of such election to the other upon 60 days prior written notice to the other party. An election to terminate under this provision will not affect either party's duty to perform prior to the effective date of termination.

14. DISPUTE RESOLUTION

Except to the extent that a dispute is subject to the dispute resolution procedures in the PUCT's Subst. R. 25.203, in the event that the parties are unable to resolve any dispute under this Agreement within 60 days, the President of MidAmerican Energy Holdings Company and the President-AEP Utilities of American Electric Power Service Corporation shall meet to attempt to resolve any such dispute in good faith.

15. JOINT OPERATING COMMITTEE.

The parties may establish and maintain a Joint Operating Committee to coordinate operating and technical considerations of this Agreement upon the request of either party. Each party shall each appoint one representative and one alternate to the Joint Operating Committee. Each party shall notify the other of its appointment in writing. Such appointments may be changed at any time by similar notice. The Joint Operating Committee shall meet as necessary to carry out its duties. The Joint Operating Committee shall hold a meeting at the request of either party, at a time and place agreed upon by the representatives. The Joint Operating Committee shall perform all of its duties consistent with the provisions of this Agreement. Each party shall cooperate in providing to the Joint Operating Committee all information required in the performance of the Joint Operating Committee's duties. All decisions and agreements, if any, made by the Joint Operating Committee, shall be evidenced in writing. The duties of the Joint Operating Committee shall be to address all interconnection matters not addressed by the substantive rules promulgated by the PUCT, ERCOT Operating Guides, ERCOT Protocols, ERCOT Interconnection Procedures, or other ERCOT standards and procedures.

16. GENERAL PROVISIONS

16.1. Confidentiality.

- 16.1.1. A party's "Confidential Information" collectively includes any proprietary information or knowledge possessed by that party which is confidential and commercially valuable, whether or not it constitutes a trade secret under applicable law, including without limitation: all facility records and metering data.
- 16.1.2. Each party agrees that it will hold in strict confidence and will not disclose or use except in connection with the performance of this Agreement any Confidential Information belonging to the other party hereto for the period ending three (3) years after termination of this Agreement; provided, however, that the parties will disclose Confidential Information to the extent such disclosure is necessary or convenient as part of any regulatory proceeding in which either party or its PURA Affiliates are a party subject to a protective order or such other remedy as the disclosing Person may consider appropriate in the circumstances; and further provided, that each party will provide such Confidential Information only to its respective officers, employees, Corporate Affiliates, PURA Affiliates, agents, lenders, attorneys, and other advisors (collectively "Representatives") for purposes of pursuing the business of the party and meeting its obligations and exercising its rights hereunder, provided that the Representatives shall be informed of the confidentiality obligations provided herein. Each party agrees to be responsible for any breach of the confidentiality obligations under this Agreement by its Representatives.
- 16.1.3. Notwithstanding anything to the contrary in this Section 16.1, Confidential Information will not include information that: (a) has become part of the public domain other than by acts or omissions of the recipient or its Representatives, (b) to the recipient's knowledge has been furnished or made known to the recipient by third Persons (other than those acting on behalf of the disclosing party) as a matter of legal right and without restriction on disclosure or use, (c) was in the recipient's possession prior to disclosure by the disclosing party and was not previously acquired by the recipient or its Representatives directly or indirectly from the disclosing party, (d) is independently developed by Representatives of the recipient without access to Confidential Information, (e) is required to be disclosed by stock exchange requirements, (f) is necessary or otherwise

reasonably deemed appropriate in connection with any dispute resolution commenced pursuant to this Agreement or any litigation commenced in respect of this Agreement, (g) is disclosed to an entity whose primary business is the issuance of credit ratings, provided the information is disclosed pursuant to a confidentiality agreement (which agreement shall be no less restrictive than the recipient's obligations under this Agreement) and is disclosed solely for the purpose of developing a credit rating and the entity's ratings are publicly available or (h) is disclosed to a prospective purchaser of an interest in the party, provided the information is disclosed pursuant to a confidentiality agreement (which agreement shall be no less restrictive than the recipient's obligations under this Agreement) and is disclosed on a need to know basis.

- 16.1.4. Under circumstances other than those provided in Section 16.1.2, if any party to whom Confidential Information is transmitted is required pursuant to Applicable Law or otherwise becomes legally compelled to disclose any of the Confidential Information or the fact that the Confidential Information has been made available to the recipient, such party will (unless prohibited by law from doing so) promptly advise the disclosing party in order that the disclosing party may seek a protective order or such other remedy as the disclosing party may consider appropriate in the circumstances. In any event, the compelled party may disclose only that portion of the Confidential Information which such party is legally required to disclose in the judgment of the party's legal counsel without any liability to the compelled party hereunder and such disclosure shall not be a breach of this Section 16.

The provisions of this Section 16.1 will survive a termination of this Agreement.

16.2. Notice Provisions.

Any notice required or permitted under this Agreement may be given by personal delivery to the party entitled thereto, by facsimile transmission, by any courier service which guarantees overnight, receipted delivery, or by U.S. Certified or Registered Mail, return receipt requested, addressed to the party entitled thereto, at:

If to AEP:	Chris Mayne American Electric Power Service Corporation 700 Morrison Road Gahanna, Ohio 43230
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	Telephone: (614) 552-1787 Fax: (614) 552-1628
with a copy to:	Jeffrey D. Cross Deputy General Counsel American Electric Power Service Corporation 1 Riverside Plaza Columbus, Ohio 43215 Telephone: (614) 716-1580 Fax: (614) 716-3440
with copy to:	Clark, Thomas & Winters Attention: C. Joseph Cain P.O. Box 1148 Austin, Texas 78767 or 300 West 6 th Street, 15 th Floor Austin, Texas 78701 Telephone: 512-495-8831 Facsimile No.: 512-474-1129
If to ETT:	J. Calvin Crowder, President 400 W. 15 th Street Austin, TX 78701-1677 Telephone: (512) 391-2961 Fax: (886) 947-1063
with a copy to:	William J. Fehrman If for delivery by FEDEX or other express delivery: 666 Grand Ave., Suite 500 Des Moines, Iowa 50306-0657 or if delivery by United States Postal Service: MidAmerican Energy Holdings Company PO Box 657 Des Moines, IA 50306-0657 Telephone No.: 515-281-2902

	Facsimile No.: 515-281-2959
with a copy to:	<p>Steven R. Weiss If for delivery by FEDEX or other express delivery: MidAmerican Energy Holdings Company 666 Grand Ave., Suite 500 Des Moines, Iowa 50306-0657</p> <p>or if delivery by United States Postal Service: MidAmerican energy Holdings Company PO Box 657 Des Moines, IA 50306-0657 Telephone: 515-281-2644 FAX.: 515-242-4398</p>

Any notices will be sent to the address or facsimile number when permitted as specified in this Agreement or to such other address or facsimile number for a party as it may specify in writing to the other parties from time to time. Any notice properly given to the proper address will be deemed to have been given when dispatched.

The provisions of this Section 16.2 will survive a termination of this Agreement.

16.3. Further Acts.

In addition to the acts recited in this Agreement to be performed by the parties hereto, each party agrees to execute and deliver such additional agreements and documents and take such additional actions as are consistent with the provisions of this Agreement and may be reasonably necessary or appropriate in connection with the transactions contemplated hereby, as reasonably requested by another party hereto.

16.4. Amendment.

No amendment to this Agreement will be valid or binding unless and until reduced to writing and executed by each party's authorized representative.

16.5. Merger and Integration; Binding on Successors; No Third Party Beneficiaries.

This Agreement sets out the entire understanding of the parties with respect to the matters it purports to cover and supercedes all prior communications, agreements, and understandings, whether written or oral, concerning such matters. No party will be liable or bound to any party in any manner by any warranties, representations, or covenants other than those set forth in this Agreement. The terms and conditions of this Agreement will inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

The provisions of this Section 16.5 will survive a termination of this Agreement.

16.6. Survival.

Any provision specifically designated in this Agreement to survive the termination hereof and (unless otherwise expressly provided) any other provision which, by its nature, necessarily may become performable by a party after termination of this Agreement will survive termination of this Agreement.

16.7. Forbearance and Waiver.

Except where a specific time period is provided hereunder for the exercise of a right or remedy, any party's forbearance in the exercise or enforcement of any right or remedy under this Agreement will not constitute a waiver thereof, and a waiver under one circumstance will not constitute a waiver under any other circumstance.

The provisions of this Section 16.7 will survive a termination of this Agreement.

16.8. Partial Invalidity.

Any invalidity, illegality, or unenforceability of any provision of this Agreement in any jurisdiction will not invalidate or render illegal or unenforceable the remaining provisions hereof in such jurisdiction and will not invalidate or render illegal or unenforceable such provision in any other jurisdiction.

16.9. Venue; Waiver of Right to Jury Trial.

The Parties agree and consent to the jurisdiction and venue of any state or federal court sitting in Travis County, Texas. To the fullest extent permitted by law, and as separately bargained-for consideration, each party hereby waives any right to trial by jury in any action, suit, proceeding, or counterclaim of any kind arising out of or relating to this Agreement.

16.10. Construction.

This Agreement was prepared jointly by the parties, and no rule that it be construed against the drafter will have any application in its construction or interpretation.

16.11. Multiple Counterparts.

This Agreement may be executed by the parties in multiple original counterparts, and each such counterpart will constitute an original hereof.

**[The remainder of this page is intentionally left blank.
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Executed to be effective as provided above:

AEP Texas North Company

Electric Transmission Texas, LLC

By: /s/ Pablo A. Vegas
Name: Pablo A. Vegas
Title: President

By: /s/ J. Calvin Crowder
Name: J. Calvin Crowder
Title: President

EXHIBIT 1.1

DEFINITIONS

Terms defined in this Exhibit 1.1 will have the meanings set forth in this Exhibit.

TERM	DEFINITION
1. AEP	As defined in the first paragraph hereof..
2. Agreement	As defined in the first paragraph hereof..
3. Applicable Law	Any statute, law, ordinance, executive order, rule, or regulation (including a regulation that has been formally promulgated in a rule making proceeding but, pending final adoption, is in proposed or temporary form having force of law); guideline or notice having force of law; or approval, permit, license, franchise, judgment, order, decree, injunction, or writ of any Governmental Authority applicable to a specified Person or specified property, as in effect from time to time.
4. Confidential Information	As defined in Section 16.1.1.
5. Corporate Affiliate	A "Corporate Affiliate" of a Person is any Person directly or indirectly controlling, controlled by, or under common control with the first such Person. For the purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities or other management rights, by contract, or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.
6. ERCOT	As defined in Recital B.
7. ERCOT Protocols	Documents adopted by ERCOT, and approved by the PUCT, including any attachments or exhibits referenced in the ERCOT Protocols, as amended from time to time, that

contain the scheduling, operating, planning, reliability, and settlement policies (including customer registration), rules, guidelines, procedures, standards, and criteria of ERCOT.

8. ETT As defined in the first paragraph hereof
9. Facility Schedule(s) Addendum(s) to this Agreement that describe the agreement on ownership, control, operation, and maintenance responsibilities of the parties at the Point(s) of Interconnection and any additional terms and conditions of this Agreement that apply specifically to the Point(s) of Interconnection.
10. FERC As defined in Section 2.1.
11. Force Majeure Event An event reasonably beyond the control of the party affected, which with the exercise of reasonable diligence could not reasonably be prevented, avoided or removed by such affected party, which causes such party to be delayed in performance of, or unable to perform, its obligations under this Agreement (other than any obligation for the payment of money). Such causes may include, to the extent they meet the foregoing criteria, condemnation; expropriation; invasion; plague; drought; landslide, hurricane, flood; lightning; tornado; storm, earthquake; fire; explosion; epidemic; quarantine; war (declared or undeclared), terrorism or other armed conflict; material physical damage to a party's facilities caused by third parties; inability of a party to gain access to real property as necessary to perform this Agreement (except to the extent that the failure to gain access is the result of the acts or omission of the party seeking access or its Corporate Affiliates), riot or similar civil disturbance or commotion; other acts of God; acts of the public enemy; blockade; insurrection, riot or revolution; sabotage or vandalism; embargoes; a change in law as described in Section 13.4; actions of a Governmental Authority (other than in respect of party's compliance with Applicable Laws and Permits required in connection with party's performance under this Agreement); and national and general labor strikes or work stoppages. Force Majeure shall also include failure of subcontractors of a party to perform in a timely manner due to Force Majeure affecting such subcontractors and provided that reasonable attempts are

made to obtain such performance at commercially reasonable rates.

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| 12. | Good Utility Practices | 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 that, 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 is intended to include acceptable practices, methods, or acts generally accepted in the region. |
| 13. | Governmental Authority | Any federal, state, foreign, tribal, local, or municipal governmental body; and any governmental, regulatory, or administrative agency, commission, body, agency, instrumentality, or other authority exercising or entitled to exercise any executive, judicial, legislative, administrative, regulatory, or taxing authority or power, including any court or other tribunal. |
| 14. | Indemnified party | As defined in Section 9.2. |
| 15. | Indemnifying party | As defined in Section 9.2. |
| 16. | Losses | As defined in Section 9.1. |
| 17. | O &M Service Provider | As defined by Section 5.1 of the Services Agreement |
| 18. | Person | Any individual, corporation, partnership, limited liability company, other business organization of any kind, association, trust, or governmental entity, agency, or instrumentality. |
| 19. | Point(s) of Interconnection | The points of interconnection established under this Agreement, and future points of interconnection that may be established under this Agreement, at which the electrical systems of the parties are or may be (i) connected by the closure of normally open switches and (ii) metering points of |

delivery on a party's system.

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| 20. | PUCT | As defined in Recital B. |
| 21. | PURA | The Public Utility Regulatory Act in the Texas Utilities Code. |
| 22. | PURA Affiliate | As defined in Sections 11.003(2) and 11.006 of PURA. |
| 23. | Representative | As defined in Section 16.1.2 |
| 24. | Services Agreement | As defined in Section 9.8. |

SCHEDULE 3.1

FACILITY SCHEDULE NO.	LOCATION OF POINT(S) OF INTERCONNECTION (# of Points)	INTERCONNECTION VOLTAGE (KV)	DATE ORIGINALLY INCLUDED OR AMENDED IN THIS INTERCONNECTION AGREEMENT*
1	Nicole (1)	138	December 2, 2009

* These dates do not reflect the date that the Point of Interconnection was established.

FACILITY SCHEDULE NO. 1

1. Name: **Nicole**
2. Location: The Nicole Switching Station is located in Coke County, Texas approximately 44 miles southwest of Abilene. The Point of Interconnection is located at the station dead-end where the conductors from the station equipment connect to the conductors of the Red Creek – Nicole 138 kV transmission line.
3. Delivery Voltage: 138 kV
4. Normal Operation of Interconnection: Closed
5. One-Line Diagram Attached: Yes
6. Facility Ownership Responsibilities of the Parties:

AEP owns the following facilities:

 - the Red Creek – Nicole 138 kV transmission line
 - the Bluff Creek – Nicole 138kV transmission line
 - the Oak Creek – Nicole 138kV transmission line

ETT owns the following facilities:

 - the Nicole Switching Station, including all the facilities within it
 - the jumper conductors from the station equipment to the terminal connector on the Red Creek – Nicole 138 kV transmission line
 - the jumper conductors from the station equipment to the terminal connector on the Bluff Creek – Nicole 138 kV transmission line
 - the jumper conductors from the station equipment to the terminal connector on the Oak Creek – Nicole 138 kV transmission line
7. Facility Operation Responsibilities of the Parties:

AEP controls and operates all the facilities it owns that are provided for in this Facility Schedule.

AEP or its affiliates coordinate, direct, and perform all control center and field operation activities on the switchyard facilities owned by ETT. These activities shall include, but are not limited to, switching, clearances, and outages for planned maintenance and operations, emergency service restoration, and overall coordination of such activities with ERCOT.

8. Facility Maintenance Responsibilities of the Parties:

Each Party is responsible for maintenance of the facilities it owns that are provided for in this Facility Schedule. Maintenance of the facilities, including circuit breaker relays, that are owned by one Party that protect the facilities owned by the other Party, will be subject to review and approval by the other Party.

9. Cost Responsibilities of the Parties:

Each Party will be fully responsible for the costs and liabilities related to the facilities it owns.

10. Other Terms and Conditions: None

