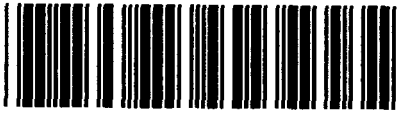


Control Number: 35077



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PUBLIC UTILITY COMMISSION OF TEXAS  
Substantive Rule 25.195(e)

Project No. 35077

**Termination Agreement**

Dated as of February 25, 2008

Between

AEP Texas Central Company

and

Laredo WLE, LP

MARCH 3, 2008

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## TERMINATION AGREEMENT

This **Termination Agreement** ("Agreement"), dated as of February 25, 2008 (the "Effective Date"), is made by and between **AEP Texas Central Company** ("AEP Texas"), and **Laredo WLE, LP** ("Generator"). AEP Texas and Laredo WLE, LP may be referred to herein individually as a "Party" or collectively as the "Parties".

### RECITALS

- A. Generator has requested a transmission interconnection (the "Interconnection") of the Laredo Peaking Power Plant Project (the "Project") to be constructed by Generator in Webb County, Texas.
- B. AEP Texas and Generator entered into that certain Agreement for Transmission Engineering, Design and Procurement Services for Generation Interconnection dated as of December 20, 2007 (the "Contract") pursuant to which AEP Texas agreed to perform certain preliminary engineering, design and procurement work related to the proposed Interconnection and Generator agreed to provide AEP Texas financial security for such work.
- C. On December 21, 2007, AEP Texas transferred certain assets to Electric Transmission Texas, LLC ("ETT").
- D. As a result of the transfer of assets to ETT, ETT now owns the facilities to which the Project will interconnect and as such, ETT, rather than AEP Texas, is now the proper party to undertake activities contemplated by the Contract with respect to the Interconnection.
- E. Concurrently with the execution of this Termination Agreement, Generator and ETT will be executing an interconnection agreement that will define the rights and responsibilities of Generator and ETT with respect to the Interconnection.
- F. The Parties therefore desire to terminate the Contract as set forth herein.

### AGREEMENTS

NOW, THEREFORE, the Parties hereby agree as follows:

#### 1. TERMINATION OF CONTRACT

The Parties hereto agree to terminate the Contract as of the Effective Date. After the Effective Date, neither Party shall have any further obligations under the Contract except as expressly provided in Section 2 of this Agreement. Generator agrees that upon execution of this Agreement and an interconnection agreement with ETT (the "ETT IA"), ETT shall be solely responsible for the engineering, design and procurement and for any construction associated with the Interconnection.

## 2. POST-TERMINATION OBLIGATIONS

2.1. Within ten (10) business days after the Effective Date, (a) Generator will present to ETT (with a copy to AEP Texas) a Letter of Credit ("LOC") in accordance with the provisions of the ETT IA, and (b) Generator will present to AEP Texas an amendment to the LOC issued in connection with the Contract cancelling said LOC, which amendment will require the signature of AEP Texas provided that such amendment is reasonably satisfactory to AEP Texas (the "Cancellation Amendment"). Generator shall provide a draft of the Cancellation Amendment to AEP Texas at least 2 business days prior to the date of execution of the Cancellation Amendment (the "Cancellation Date"). On the Cancellation Date, AEP Texas shall promptly execute the Cancellation Amendment and return it to Generator by email or facsimile on or before 4:00 PM (Central) provided that Generator sends the final agreed Cancellation Amendment to AEP Texas by email or facsimile prior to 11:00 AM (Central) on the Cancellation Date. AEP Texas agrees to take all steps reasonably necessary to assist Generator in cancelling the LOC associated with the Contract.

### 2.2. Contact Information.

The communications required pursuant to Section 2.1 of this Agreement shall be sent as specified therein and addressed to the parties entitled thereto, at:

If to Generator:  
Laredo WLE, LP  
Attn: Commercial Relations  
2705 Bee Caves Road, Suite 340  
Austin, TX 78746  
Telephone: (512) 314-8600  
Fax: (512) 314-8699  
bclemenhausen@topazpowergroup.com

If to AEP Texas:  
American Electric Power Service Corp.  
P.O. Box 201  
212 E. 6<sup>th</sup> St.  
Tulsa, OK 74102  
Telephone: (918) 599-2719  
Fax: (866) 947-1417  
cashields@aep.com

## 3. GENERAL

### 3.1. 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.

### 3.2. 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 supersedes all prior communications, agreements, and understandings, whether written or oral, concerning such matters. 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.

3.3. 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.

3.4. 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.

3.5. Governing Law.

The interpretation and construction of this Agreement and the rights of the Parties hereunder will be interpreted, construed, and governed by the laws of the State of Texas, without regard to its conflicts of law principles.

3.6. 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.

3.7. Multiple Counterparts.


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

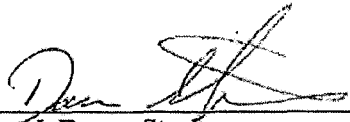
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The Parties have executed this Agreement as of the Effective Date.

**AEP TEXAS CENTRAL COMPANY**

**LAREDO WLE, LP**

By:   
Name: Charles Patton  
Title: President & Chief Operating Officer

By:   
Name: J. Darren Stephens  
Title: President