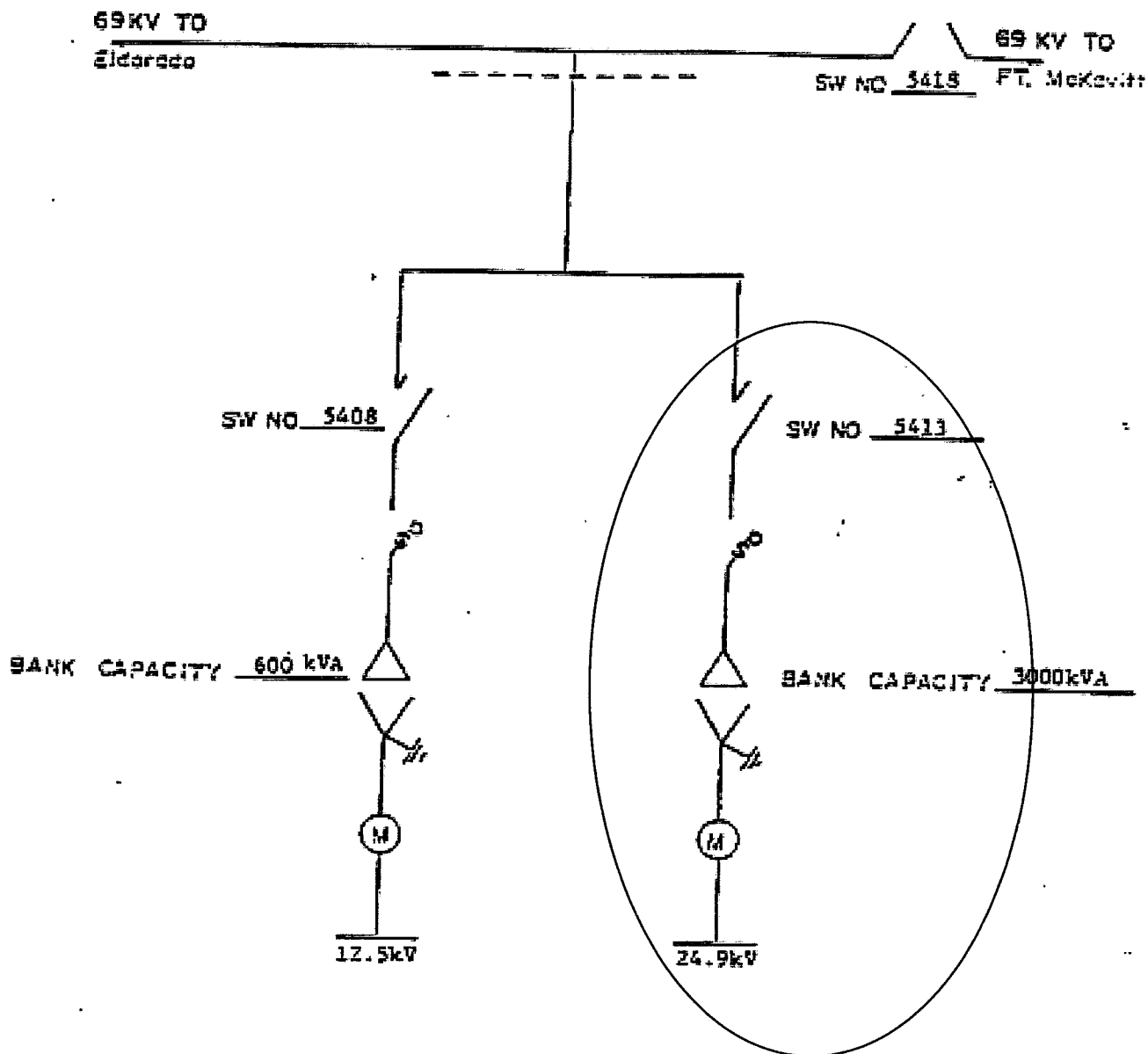


FACILITY SCHEDULE NO. 12

1. Name: **Middle Valley 24.9**
2. Facility Location: Point of Interconnection is inside Cooperative's substation on 24.9 kV side of the transformer banks
3. Voltage at Point of Interconnection: 69.0 kV
4. Metered Voltage: 24.9 kV
5. Loss Adjustment Due To Meter Location: No
6. Norman Operation of Interconnection: Closed
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:
9. Operation Responsibilities of Each Party:
 - Each Party operates the facilities it owns.
10. Maintenance Responsibilities of Each Party:
 - Each Party maintains the facilities it owns.
11. Maximum Contract Demand: 570 kW
12. Other Terms and Conditions:
 - Company is to have access to switch #5413
 - PT & CT sold to Cooperative

Middle Valley Substation

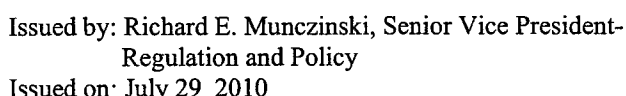
ONE LINE DIAGRAM FOR EXHIBIT A

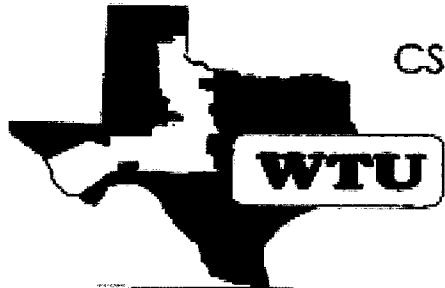


1. Dashed line indicates point of change in ownership.
2. West Texas Utilities is to have access to switches # 5408 and # 5413.

FACILITY SCHEDULE NO. 13

1. Name: **Midway Lane**
2. Facility Location: Point of Interconnection is inside Company Midway Lane substation south from Big Lake, TX on Highway 137, then east three (3) miles on Highway 190. Substation is one-hundred (100) yards south of Highway 190, Crockett County.
3. Voltage at Point of Interconnection: 12.5 kV
4. Metered Voltage: 12.5 kV
5. Loss Adjustment Due To Meter Location: No
6. Normal Operation of Interconnection: Closed
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:
9. Operation Responsibilities of Each Party:
 - See Operating Agreement for Midway Lane Cooperative Point of Delivery July 30, 1999 (AFTER ONE-LINE DIAGRAM BELOW).
10. Maintenance Responsibilities of Each Party:
 - Each Party maintains the facilities it owns.
11. Maximum Contract Demand: 5,832 kW
13. Other Terms and Conditions:
 - Cooperative is to have access to OCR 5390, 5395 and 5400 and load side disconnect switches 5391, 5396, and 5401





CSW Transmission & Distribution Operations
Dispatch Operations - WTU

Subject: Southwest Texas Electric Co-op – Midway Lane Point of Delivery Operating Procedure

OPERATING AGREEMENT FOR MIDWAY LANE SWTEC POINT OF DELIVERY
July 30, 1999 (supersedes all previous operating agreements)

SOUTH WEST TEXAS ELECTRIC COOPERATIVE

1. Southwest Texas Electric Cooperative (SWTEC) shall have access to West Texas Utilities Company's (WTU) Midway Lane Substation to operate OCR 5390, 5395, and 5400 and line side disconnects 5391, 5396, and 5401.
2. SWTEC may operate OCR 5390, 5395, and 5400 using the operator on each recloser.
3. If SWTEC closes the recloser after the recloser is locked out, WTU's Dispatch Operations Dispatcher shall be notified in a timely manner.
4. SWTEC may operate line-side disconnect switches 5391, 5396, and 5401 after obtaining switching instructions from WTU's Dispatch Operations.
5. If SWTEC takes a planned clearance on this circuit, WTU's Dispatch Operations shall be notified in advance of the clearance.
6. SWTEC shall notify WTU's Dispatch Operations of the times when a switch or recloser in the substation was operated.

WEST TEXAS UTILITIES COMPANY

1. WTU shall notify SWTEC of any planned outages or work at the Midway Lane Substation prior to the time that work is to be done.
2. WTU shall not close OCR's 5390, 5395, and 5400 to pick up load without specific instructions from SWTEC to do so.
3. WTU shall not transfer load to another recloser without first notifying SWTEC of the planned transfer.
4. WTU shall make provisions for SWTEC to access the Midway Lane Substation.

Subject: Southwest Texas Electric Co-op -- Midway Lane Point of Delivery Operating
Procedure

OPERATING AGREEMENT FOR MIDWAY LANE SWTEC POINT OF DELIVERY
July 30, 1999 (supersedes all previous operating agreements)

IN WITNESS WHEREOF, COMPANY and Customer have caused this Agreement to be
executed in duplicate in their names by their respective duly authorized representatives
as of the date and year first above written.

SOUTHWEST TEXAS ELECTRIC COOPERATIVE, INC.

CUSTOMER

ATTEST:

Jack Williams

By: William W. Whitten
General Manager

WEST TEXAS UTILITIES COMPANY

COMPANY

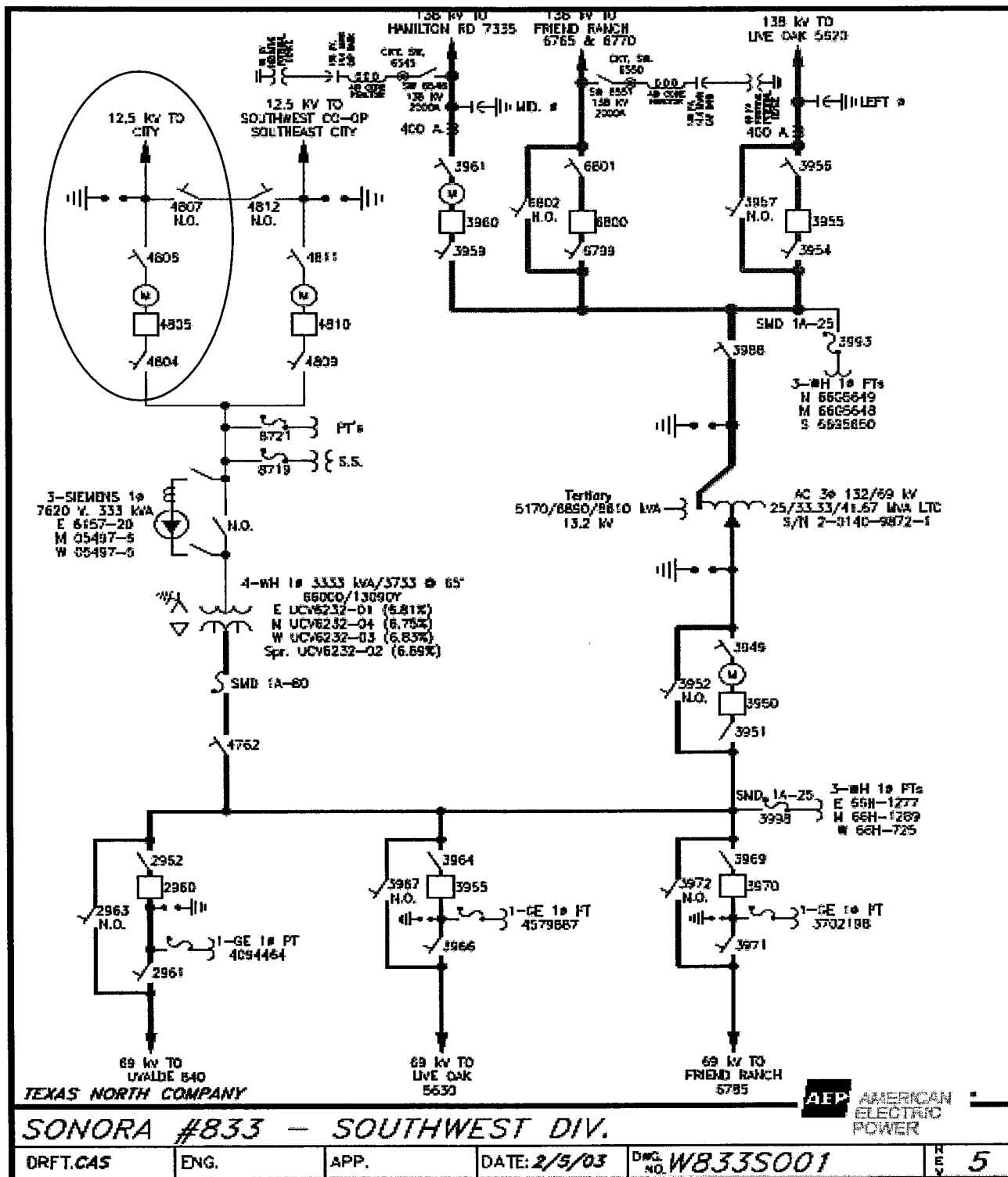
ATTEST:

Martha Murray

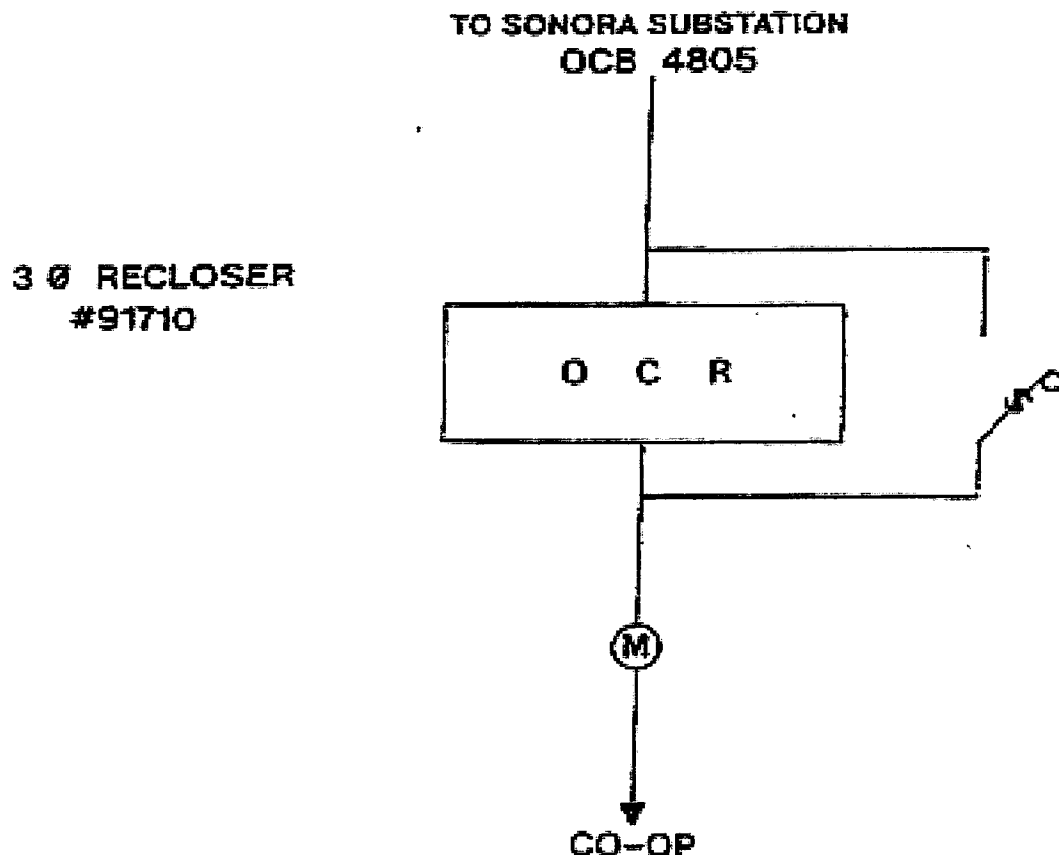
By: Paul R. Futo P.E.
Director, Transmission & Distribution
Operations

FACILITY SCHEDULE NO. 14

1. Name: **North Sonora**
2. Facility Location: Point of Interconnection is at the north end of the Company's 12.5 kV, 3 phase power line which terminates at the Company/Cooperative - Cooperative certification boundary three and a half (3.5) mi. north of Sonora, TX, and one and a half (1.5) miles west of Highway 277 in Sutton County
3. Voltage at Point of Interconnection: 12.5 kV
4. Metered Voltage: 12.5 kV
5. Loss Adjustment Due To Meter Location: No
6. Normal Operation of Interconnection: Closed
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:
9. Operation Responsibilities of Each Party:
 - Each Party operates the facilities it owns.
10. Maintenance Responsibilities of Each Party:
 - Each Party maintains the facilities it owns.
11. Maximum Contract Demand: 340 kW
14. Other Terms and Conditions:
 - Cooperative is to have access to OCR #R91710



SOUTHWEST TEXAS ELECTRIC CO-OP NORTH SONORA METER POINT



1. SOUTHWEST TEXAS ELECTRIC CO-OP IS TO HAVE ACCESS TO OCR #91710.
2. OCR #91710 WILL BE INSTALLED ONE SPAN SOUTH OF THE METER POINT ON A WTU POLE.

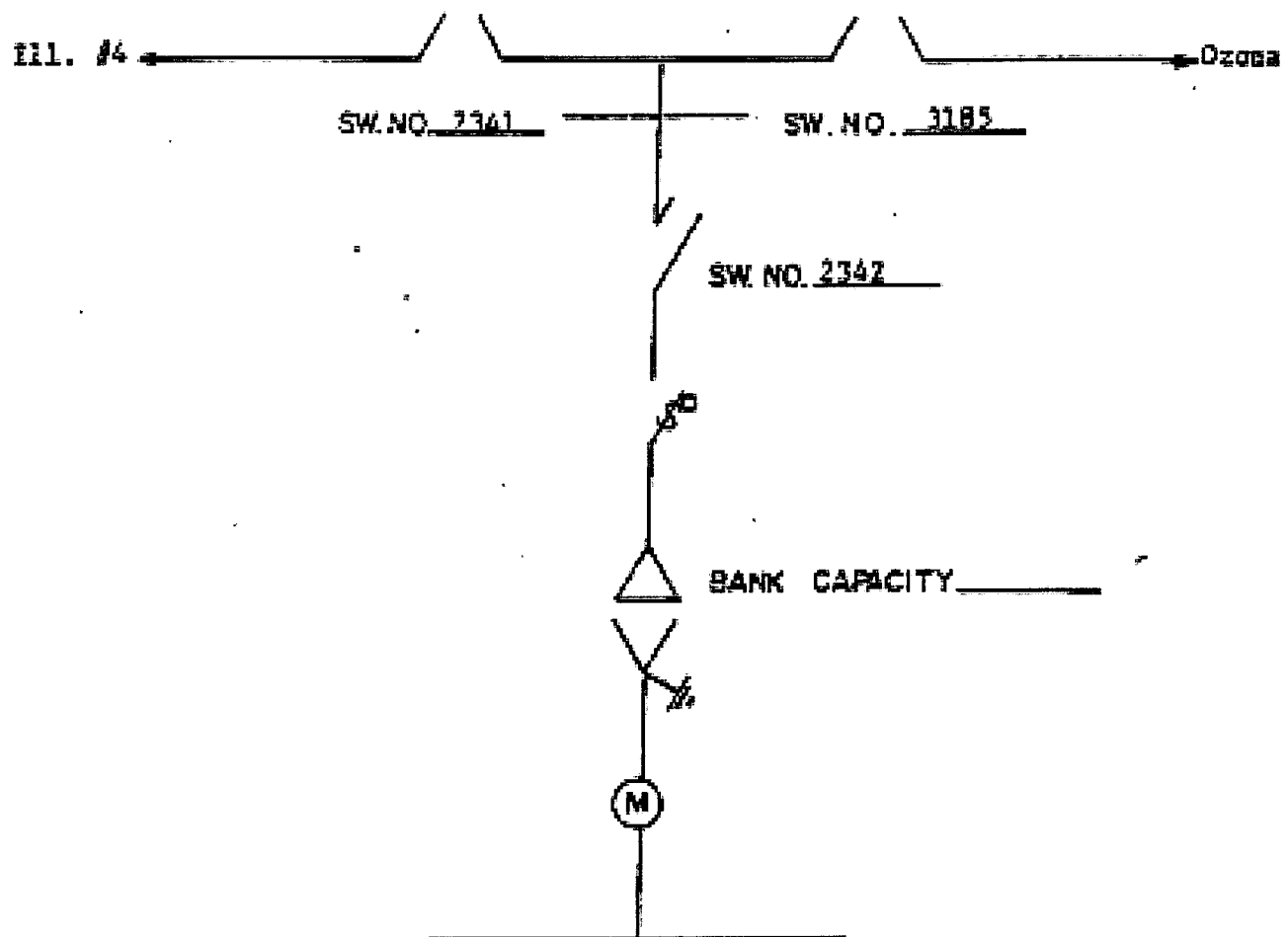
LOCATION: AT THE NORTH END OF A WEST TEXAS UTILITIES 12.5 KV, 3 PHASE POWER LINE WHICH TERMINATES AT THE WTU/SWTEC - SWTEC CERTIFICATION BOUNDARY 3 1/2 ME. NORTH OF SONORA AND 1/2 MI. WEST OF HWY 277 IN SUTTON COUNTY.

FACILITY SCHEDULE NO. 15

1. Name: **Ozona**
2. Facility Location: Point of Interconnection is in Cooperative's Ozona substation, three (3) miles west of Ozona, TX, and four-tenths (.4) mile north of Highway 10, Crockett County.
3. Voltage at Point of Interconnection: 69.0 kV
4. Metered Voltage: 12.5 kV
5. Loss Adjustment Due To Meter Location: No
6. Norman Operation of Interconnection: Closed
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:
9. Operation Responsibilities of Each Party:
 - Each Party operates the facilities it owns.
10. Maintenance Responsibilities of Each Party:
 - Each Party maintains the facilities it owns.
11. Maximum Contract Demand: 616 kW
12. Other Terms and Conditions:
 - Company is to have access to switch 2342
 - PT & CT sold to Cooperative

Ozona

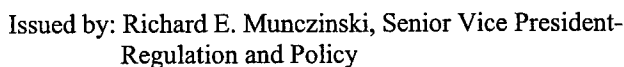
ONE LINE DIAGRAM FOR EXHIBIT A



1. West Texas Utilities Co. is to have access to bank switch #2342.
2. Dashed line indicates change of ownership.

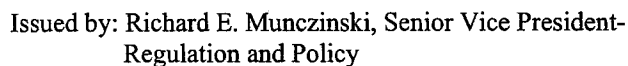
FACILITY SCHEDULE NO. 16

1. Name: **Powell Field**
2. Facility Location: Point of Interconnection is on primary meter pole approximately one hundred twenty-five (125) feet southwest of Company's Power Field substation which is located west from Big Lake, TX, for four (4) miles on US 67, then south from US 67 on Ranch 1676 Spur county road for 13 miles, Crockett County.
3. Voltage at Point of Interconnection: 12.5 kV
4. Metered Voltage: 12.5 kV
5. Loss Adjustment Due To Meter Location: No
6. Norman Operation of Interconnection: Closed
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:
9. Operation Responsibilities of Each Party:
 - Each Party operates the facilities it owns.
10. Maintenance Responsibilities of Each Party:
 - Each Party maintains the facilities it owns.
11. Maximum Contract Demand: 1,011 kW
12. Other Terms and Conditions:
 - Cooperative is to have access to OCR 5410 and load side disconnect switch 5411
 - Recloser 5410 is leased from Cooperative



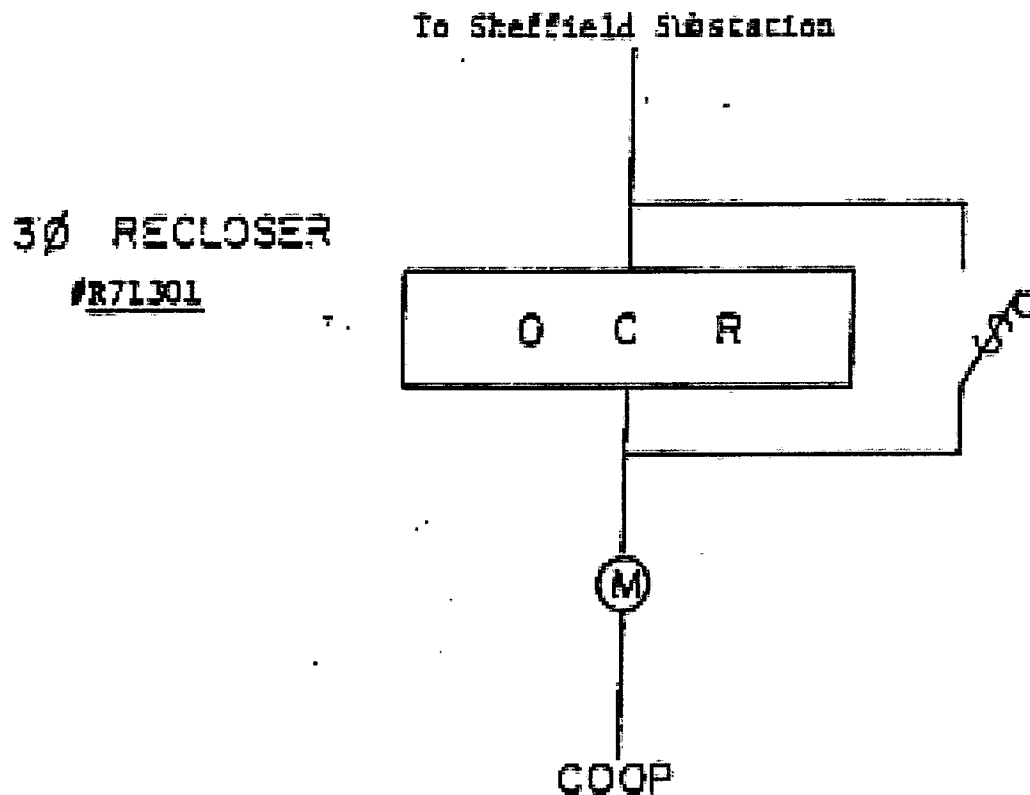
FACILITY SCHEDULE NO. 17

1. Name: **Sheffield**
2. Facility Location: Point of Interconnection is at a meter point outside Company's Sheffield substation on 12.5 kV meter pole, Pecos County.
3. Voltage at Point of Interconnection: 12.5 kV
4. Metered Voltage: 12.5 kV
5. Loss Adjustment Due To Meter Location: No
6. Normal Operation of Interconnection: Closed
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:
9. Operation Responsibilities of Each Party:
 - Each Party operates the facilities it owns.
10. Maintenance Responsibilities of Each Party:
 - Each Party maintains the facilities it owns.
11. Maximum Contract Demand: 2,430 kW
12. Other Terms and Conditions:
 - Cooperative is to have access to OCR R71301



SHEFFIELD SUB

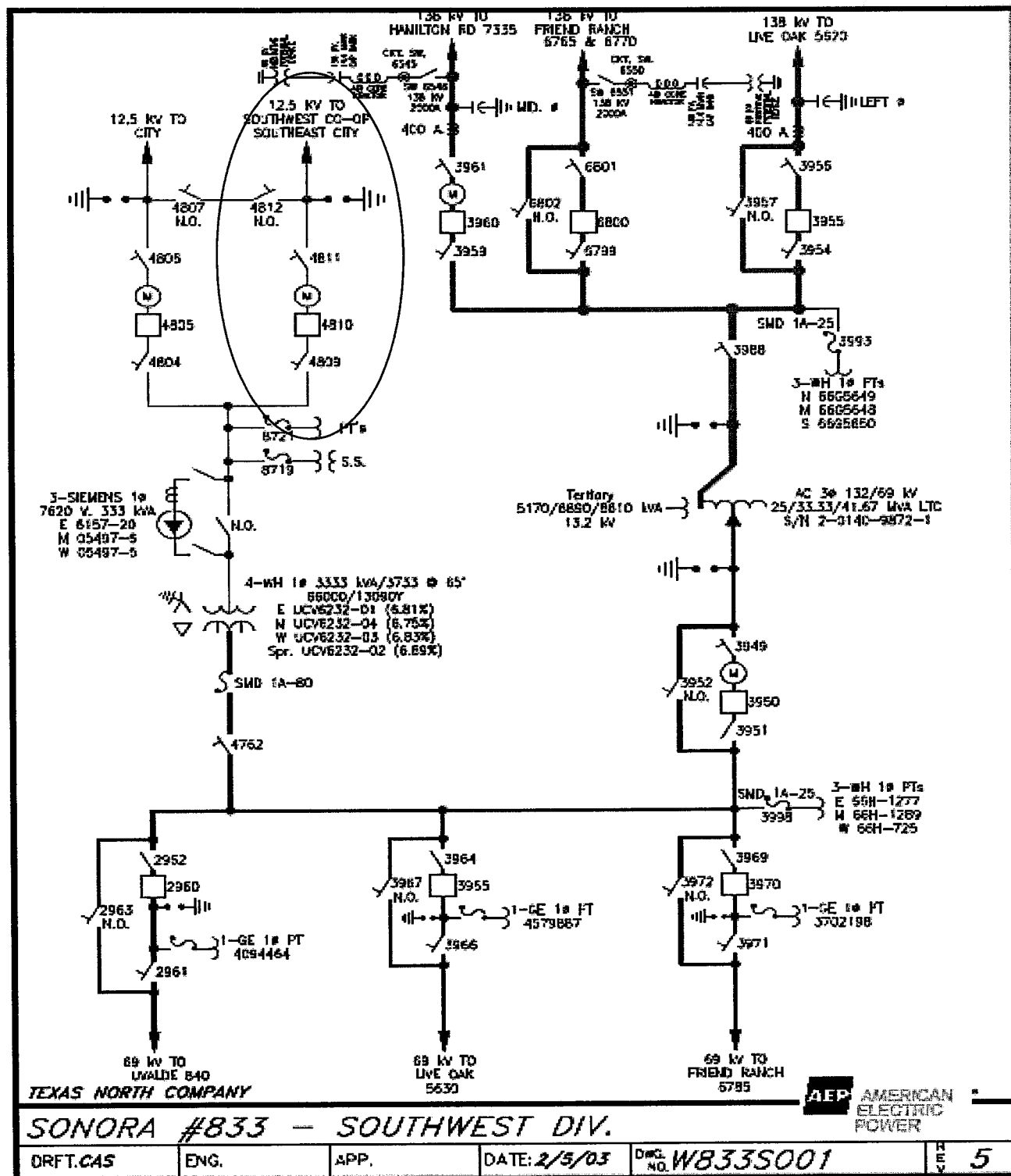
ONE LINE DIAGRAM FOR EXHIBIT A



1. Southwest Texas Electric Co-op is to have access to OCR #R71301.
2. OCR #R71301 is a proposed facility that will be installed at the meter point.

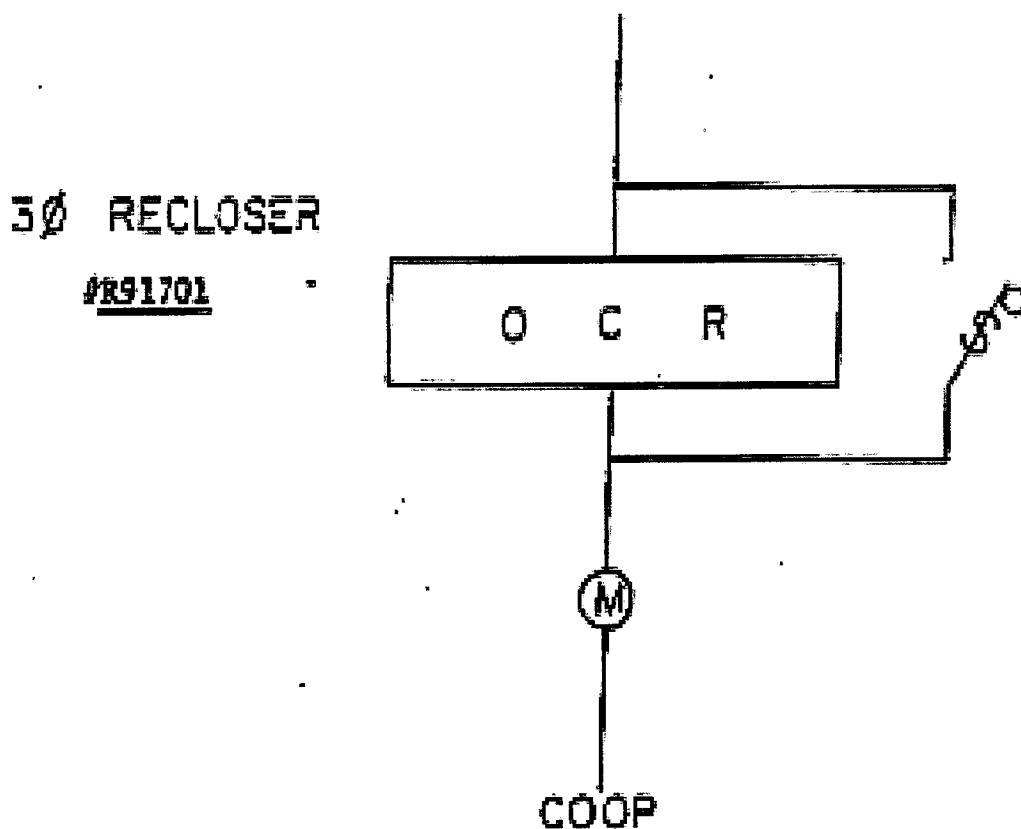
FACILITY SCHEDULE NO. 18

1. Name: **Sonora**
2. Facility Location: Point of Interconnection is near the south edge of Sonora, 1/4 mile off Highway 277 on the east side.
3. Voltage at Point of Interconnection: 12.5 kV
4. Metered Voltage: 12.5 kV
5. Loss Adjustment Due To Meter Location: No
6. Normal Operation of Interconnection: Closed
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:
9. Operation Responsibilities of Each Party:
 - Each Party operates the facilities it owns.
10. Maintenance Responsibilities of Each Party:
 - Each Party maintains the facilities it owns.
11. Maximum Contract Demand: 1,412 kW
12. Other Terms and Conditions:
 - Cooperative is to have access to OCR R91701



SONORA 138/69/12 KV

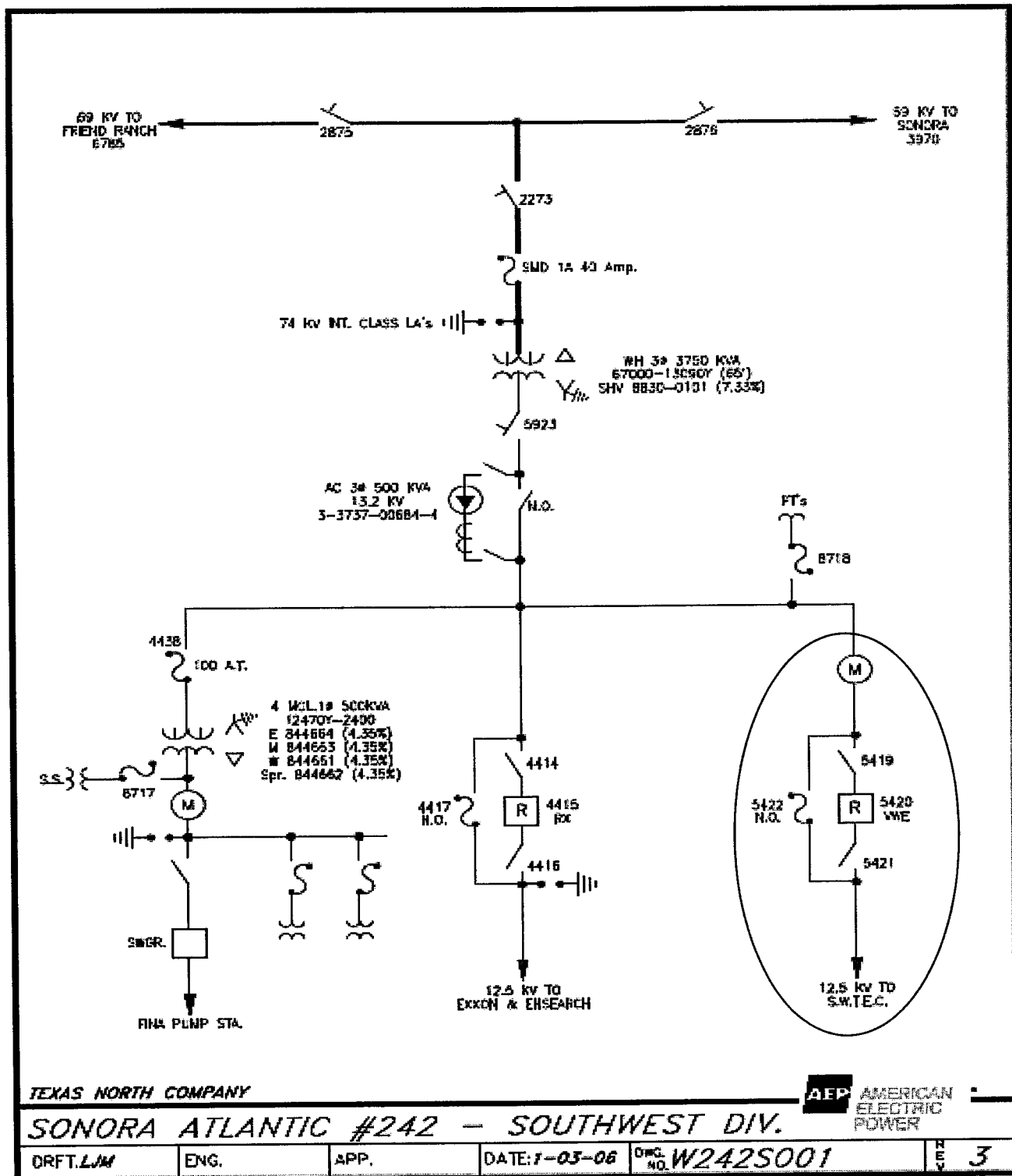
ONE LINE DIAGRAM FOR EXHIBIT A



1. Southwest Texas Electric Co-op is to have access to OCR #R91701.
2. OCR #R91701 is a proposed facility that is to be installed at the same point.

FACILITY SCHEDULE NO. 19

1. Name: **Sonora Atlantic**
2. Facility Location: Point of Interconnection is in Company's Atlantic Sonora substation, twelve (12) miles west of Sonora, TX, Sutton County, on Old Sonora to Ozona Highway 290
3. Voltage at Point of Interconnection: 12.5 kV
4. Metered Voltage: 12.5 kV
5. Loss Adjustment Due To Meter Location: No
6. Normal Operation of Interconnection: Closed
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:
9. Operation Responsibilities of Each Party:
 - Each Party operates the facilities it owns.
10. Maintenance Responsibilities of Each Party:
 - Each Party maintains the facilities it owns.
11. Maximum Contract Demand: 920 kW
12. Other Terms and Conditions:
 - Cooperative is to have access to OCR 5420 and load side disconnect switch 5421

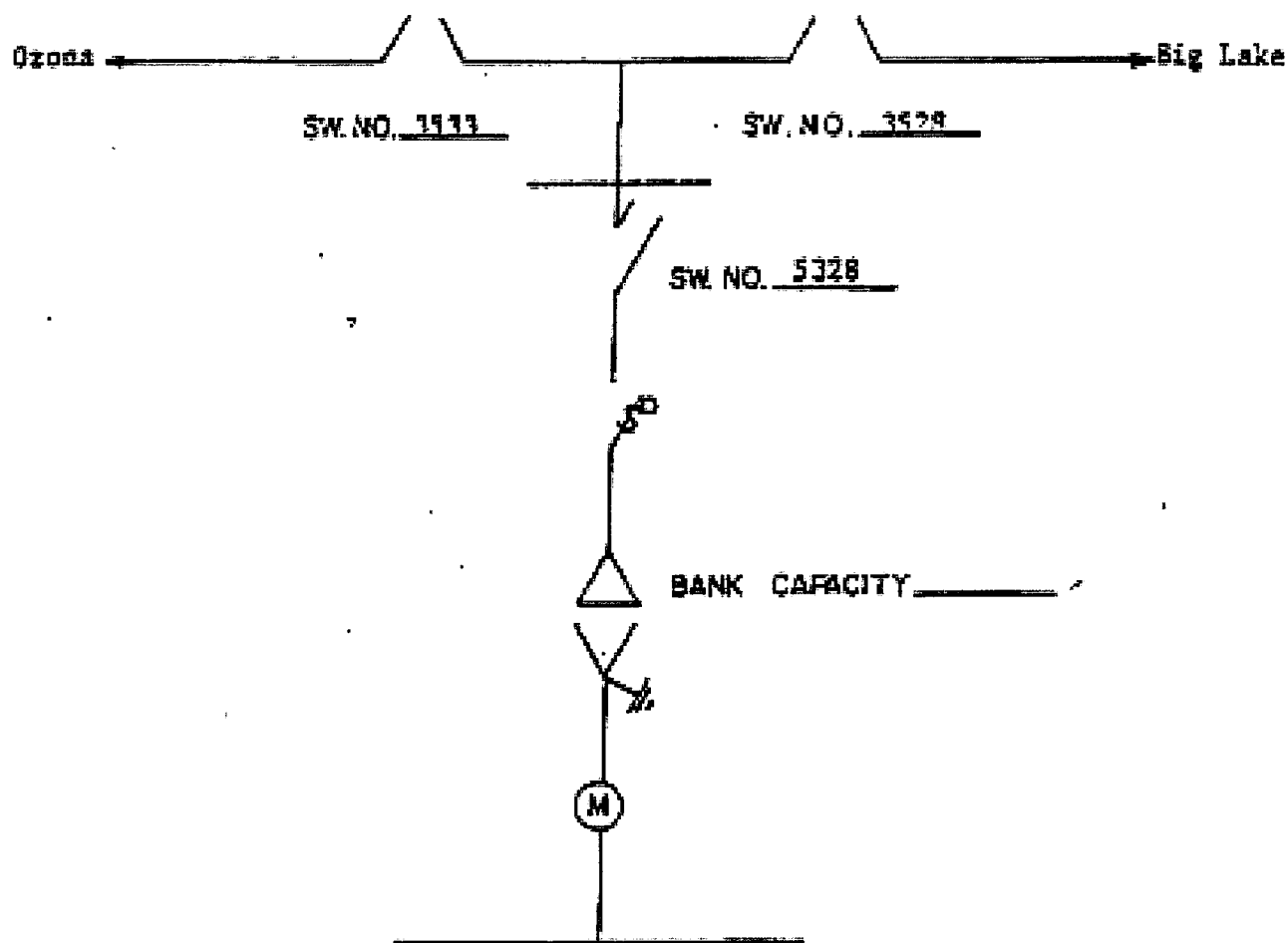


FACILITY SCHEDULE NO. 20

1. Name: **Strauss Ranch**
2. Facility Location: Point of Interconnection is in Company's Atlantic Sonora substation, twelve (12) miles west of Sonora, TX, Sutton County, on Old Sonora to Ozona Highway 290
3. Voltage at Point of Interconnection: 69.0 kV
4. Metered Voltage: 12.5 kV
5. Loss Adjustment Due To Meter Location: No
6. Normal Operation of Interconnection: Closed
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:
9. Operation Responsibilities of Each Party:
 - Each Party operates the facilities it owns.
10. Maintenance Responsibilities of Each Party:
 - Each Party maintains the facilities it owns.
11. Maximum Contract Demand: 2,080 kW
12. Other Terms and Conditions:
 - Company is to have access to switch 5328
 - PT & CT sold to Cooperative

STRAUSS

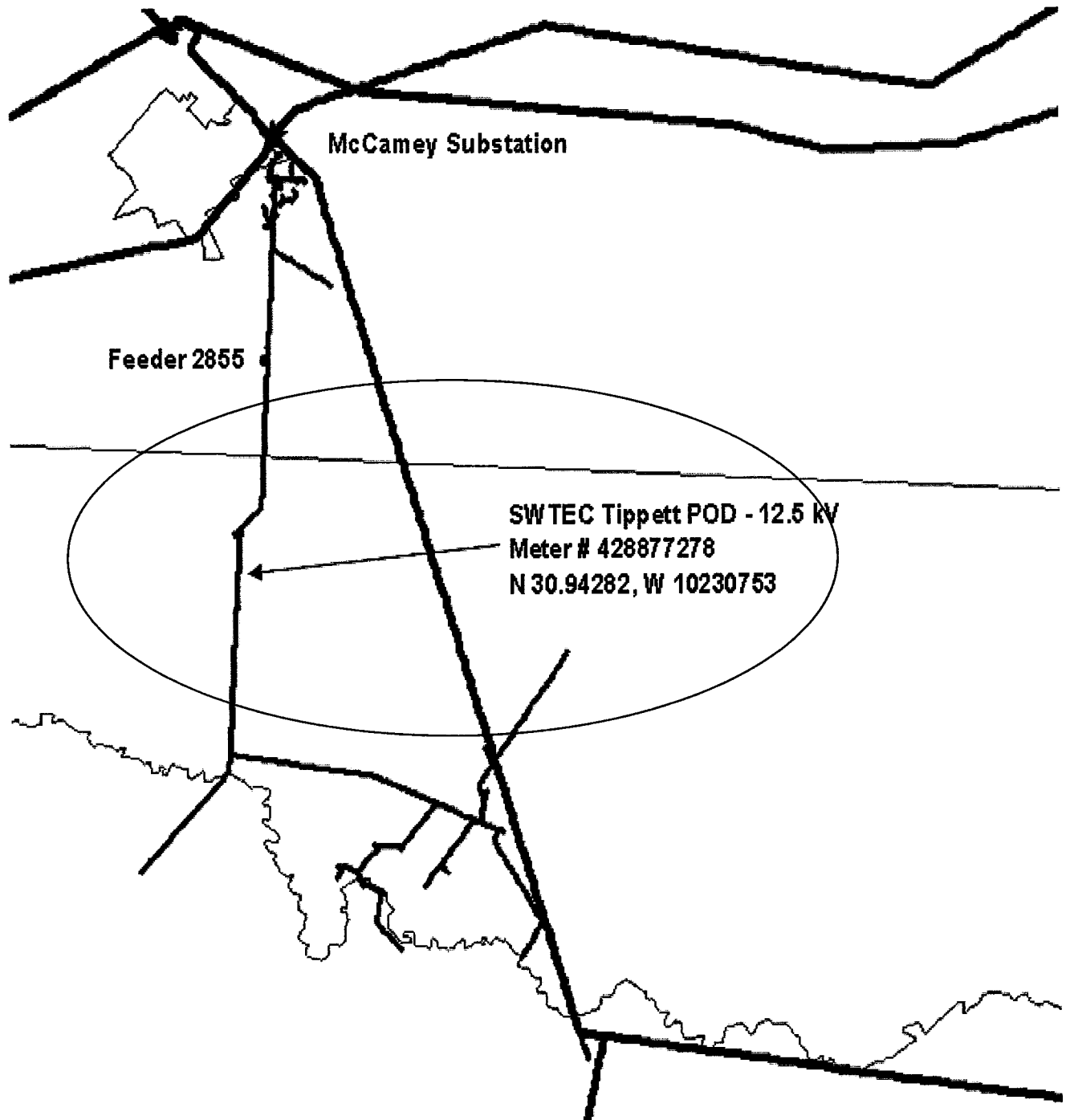
ONE LINE DIAGRAM FOR EXHIBIT A



1. WED is to have access to bank switch #5328.
2. Dashed line indicates change of ownership.

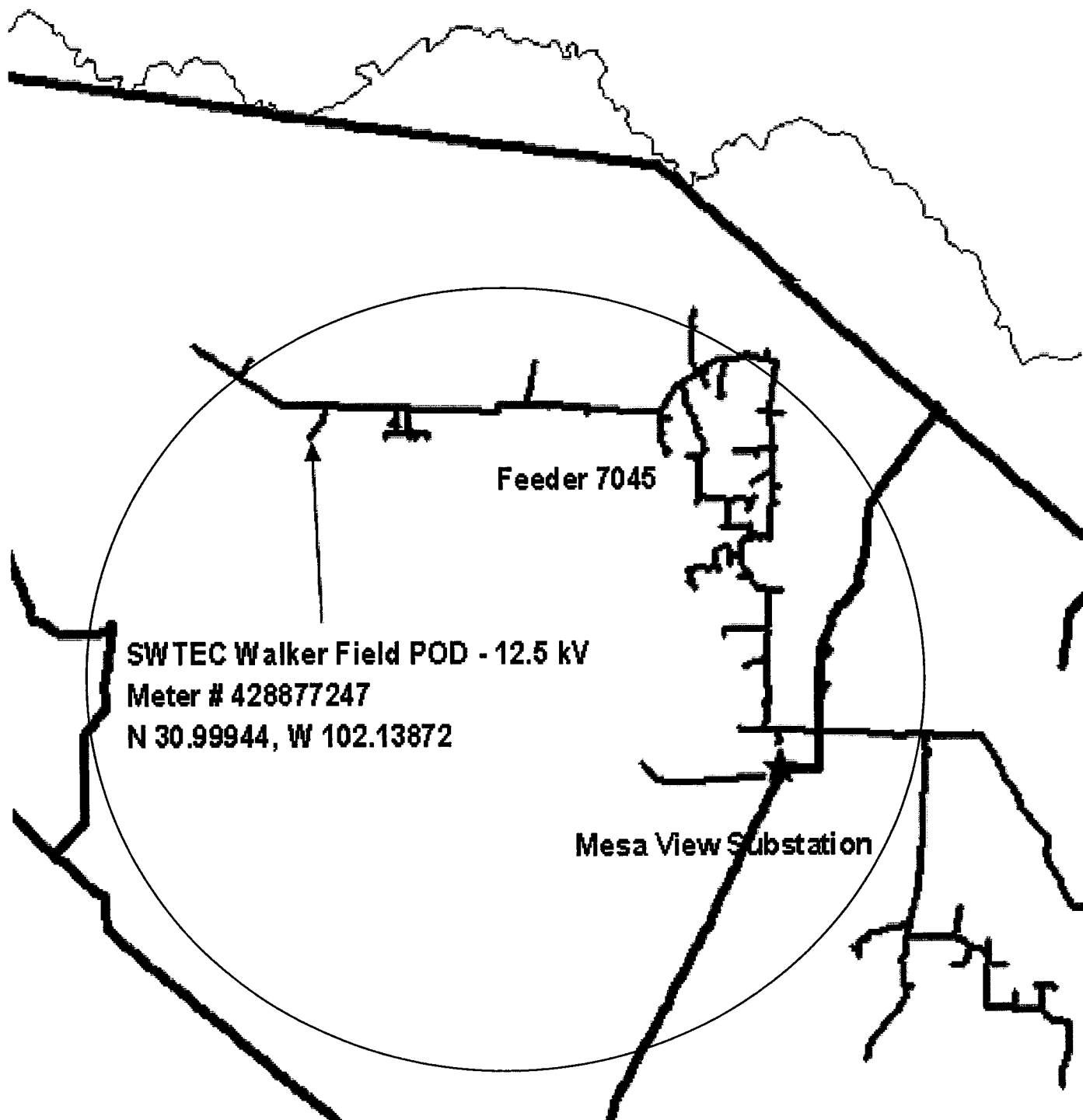
FACILITY SCHEDULE NO. 21

1. Name: **Tippett/McCamey**
2. Facility Location: Point of Interconnection is approximately ten (10) miles south of McCamey, TX, Pecos County, on Country Road 305
3. Voltage at Point of Interconnection: 12.5 kV
4. Metered Voltage: 12.5 kV
5. Loss Adjustment Due To Meter Location: No
6. Norman Operation of Interconnection: Closed
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:
9. Operation Responsibilities of Each Party:
 - Each Party operates the facilities it owns.
10. Maintenance Responsibilities of Each Party:
 - Each Party maintains the facilities it owns.
11. Maximum Contract Demand: 370 kW
12. Other Terms and Conditions:
 - On Primary Substation Rate



FACILITY SCHEDULE NO. 22

1. Name: **Walker Field/Mesa View**
2. Facility Location: Point of Interconnection is approximately fifteen (15) miles south of McCamey, TX, Pecos County, on Highway 305
3. Voltage at Point of Interconnection: 12.5 kV
4. Metered Voltage: 12.5 kV
5. Loss Adjustment Due To Meter Location: No
6. Norman Operation of Interconnection: Closed
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:
9. Operation Responsibilities of Each Party:
 - Each Party operates the facilities it owns.
10. Maintenance Responsibilities of Each Party:
 - Each Party maintains the facilities it owns.
11. Maximum Contract Demand: 158 kW
12. Other Terms and Conditions:
 - On Primary Substation Rate

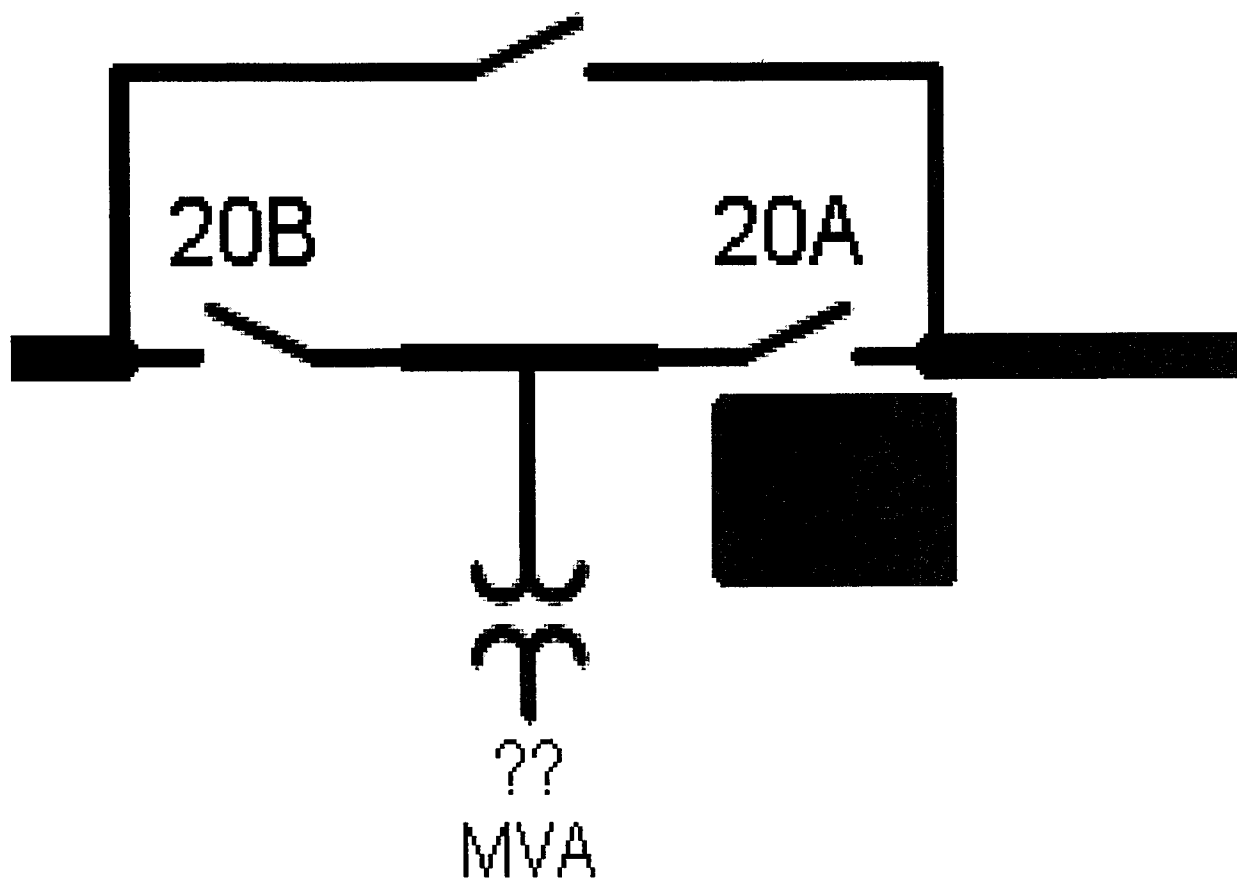


FACILITY SCHEDULE NO. 23

1. Name: **White-Baker**
2. Facility Location: Point of Interconnection is in 12.5 kV bus of Cooperative's White-Baker substation located south of Interstate Highway 10, approximately seven and three tenths (7.3) mile west of Bakersfield, TX, Pecos County
3. Voltage at Point of Interconnection: 69.0 kV
4. Metered Voltage: 12.5 kV
5. Loss Adjustment Due To Meter Location: No
6. Normal Operation of Interconnection: Closed
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:
9. Operation Responsibilities of Each Party:
 - Each Party operates the facilities it owns.
10. Maintenance Responsibilities of Each Party:
 - Each Party maintains the facilities it owns.
11. Maximum Contract Demand: 1,853 kW
12. Other Terms and Conditions:
 - PT & CT sold to Cooperative

WHITE BAKER SWTEC

30



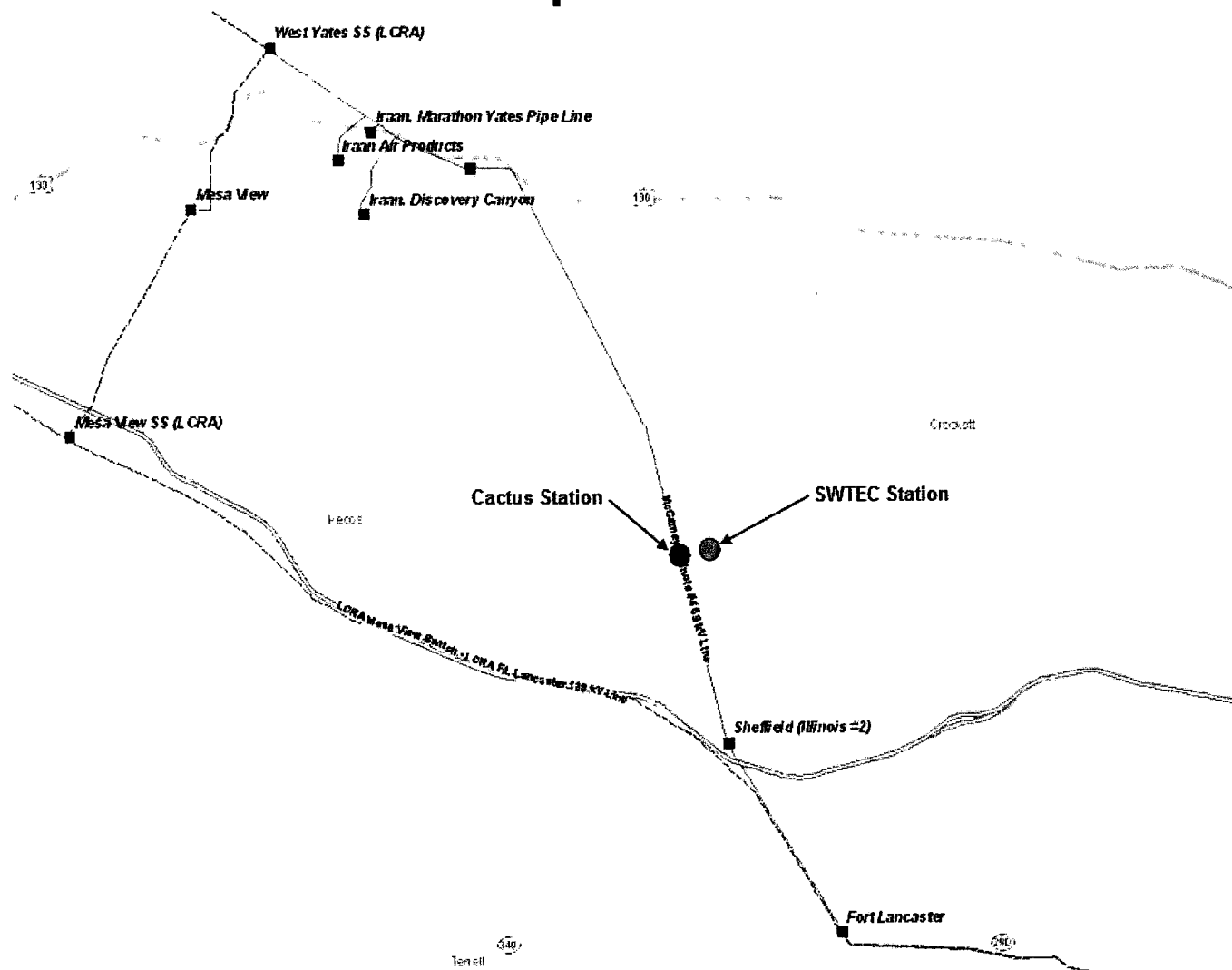
FACILITY SCHEDULE NO. 24

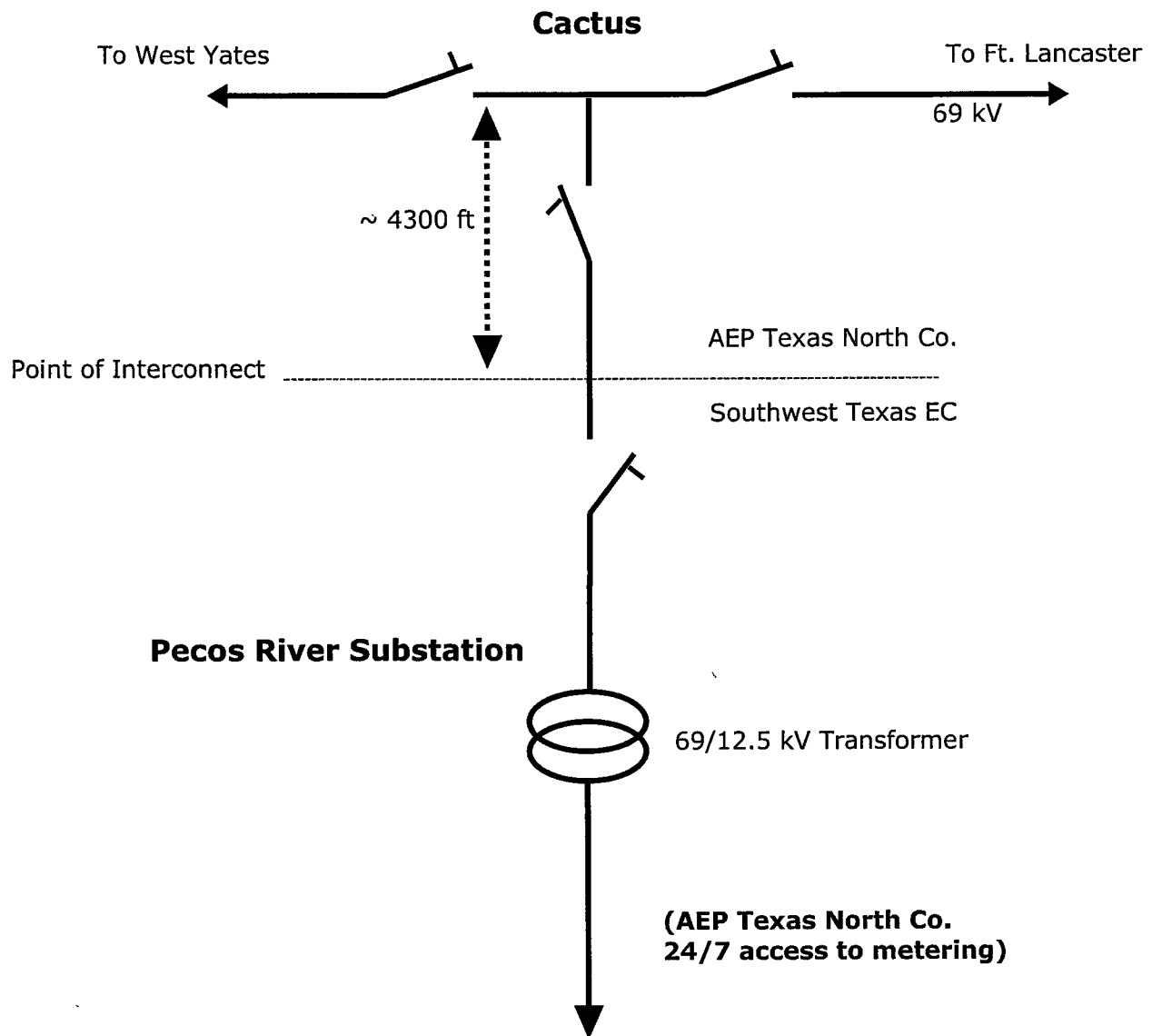
1. Name: **Pecos River**
2. Facility Location: The Pecos River substation is located approximately 8.5 miles north of Sheffield, TX, east of State Road 349, near the intersection of Deer Canyon Rd and River Rd in Sheffield, Texas in Crockett County. The Point of Interconnection is located at the dead-end structure in the Cooperatives Pecos River substation, where the jumper conductors from the Pecos River substation equipment physically contact the connectors on the Company's 69 kV transmission line conductors from the Cactus tap.
3. Voltage at Point of Interconnection: 69 kV
4. Metered Voltage 12.5 kV
5. Loss Adjustment Due To Meter Location: Yes
6. Normal Operation of Interconnection: Closed
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:
Company:
 - tap structure (Cactus) with three (3) switches in the Ft Lancaster to West Yates 69 kV transmission line
 - construct approximately 4300 feet of 69 kV transmission line from Cactus to Pecos River dead-end substation structure
 - meter and associated meter equipment on the load side of the Pecos River substation transformer.Cooperative:
 - all facilities within the Pecos River substation, except Company's meter and associated meter equipment provided hereinabove
9. Operational Responsibilities of Each Party:
 - Each party will be responsible to operate the facilities it owns
10. Maintenance Responsibilities of Each Party:
 - Each Party is responsible for the maintenance of the facilities it owns

11. Other Terms and Conditions:

Cooperative recognizes that Company is installing the Facilities described hereinabove to facilitate Cooperative's request for a new Point of Interconnection to be provided by this Agreement. If Cooperative cancels its request for this Point of Interconnection prior to energizing this Point of Interconnection or if Cooperative terminates this Point of Interconnection in accordance with Article IV §4.4 hereinabove because the Facilities are not required, Cooperative agrees to pay the actual installed costs incurred and committed to be incurred by Company, and the actual costs of removal of the Company material and equipment, that Company determines cannot be recovered through transmission cost of service rates. The total installed cost of the Company Facilities described hereinabove is estimated to be two million eight thousand dollars (\$2,008,000) which Cooperative agrees is reasonable.

Map of Area





———— AEP Texas North Co. Facilities
 ===== Southwest Texas EC Facilities

Issued by: Richard E. Munczinski, Senior Vice President -
Regulation and Policy
 Issued on: July 29, 2010

Effective Date: July 28, 2010

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**RESTATED AND AMENDED
INTERCONNECTION AGREEMENT
BETWEEN
AEP TEXAS NORTH COMPANY
AND
TAYLOR ELECTRIC COOPERATIVE, INC.**

THIS RESTATED AND AMENDED INTERCONNECTION AGREEMENT ("Agreement"), entered into this 28th day of July, 2010, by and between AEP Texas North Company, a Texas corporation ("Company"), and Taylor Electric Cooperative, Inc., a Texas cooperative corporation ("Cooperative"), each singularly referred to herein as "Party" and collectively referred to herein as "Parties".

WITNESSETH

WHEREAS, the Parties have entered into an Interconnection Agreement dated as of June 18, 2002 and restated and amended the same dated August 1, 2004. The Parties have agreed to restate and amend the restated and amended interconnection agreement from August 1, 2004 between AEP Texas North Company and Taylor Electric Cooperative, Inc., (the "2004 Interconnection Agreement"); and

WHEREAS, the Parties each own and operate electric utility systems in the State of Texas for the transmission and distribution of electric energy and power; and

WHEREAS, 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"); and

WHEREAS, the Company sold certain of their existing points of interconnection at Happy Valley and Roberts transmission facilities to another transmission service provider; and

WHEREAS, the Parties wish to remove Happy Valley and Roberts points of interconnection from this Agreement; and

WHEREAS, the Parties wish to establish the Kirby point of interconnect and wish to amend the point of interconnection to this Agreement; and

WHEREAS, the Parties have established or shortly will establish new points of interconnection between their electrical systems; and

WHEREAS, the Parties desire to continue their interconnection of their respective transmission and/or distribution systems in the respects, and under the terms and conditions, set forth below:

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and conditions herein set forth, the Parties agree as follows:

ARTICLE I - EFFECTIVE DATE AND TERM

This Agreement and any subsequent addendum to this Agreement shall become effective on the date accepted by the Federal Energy Regulatory Commission (FERC), or any other regulatory agency or agencies having jurisdiction. The Parties shall request the FERC or any other regulatory agency or agencies having jurisdiction, to make the effective date be the date first appearing above. Unless otherwise mutually agreed, this Agreement shall remain in effect initially for a period of five (5) years from the effective date, and shall continue in effect thereafter for periods of two (2) years each unless canceled after such initial period or any subsequent period either by mutual agreement or by either Party upon at least twenty-four (24) months written notice to the other party. Upon termination of this Agreement, each Party shall discontinue the use of the facilities of the other and shall disconnect the Points of Interconnection.

ARTICLE II – OBJECTIVE AND SCOPE

2.1 It is the intent of the Parties, by this Agreement, to state the terms and conditions under which the Parties' transmission and/or distribution systems will be interconnected and to identify the facilities and equipment provided by each Party at the Points of Interconnection.

2.2 This Agreement shall apply to the ownership, construction, operation, and maintenance of those facilities that are specifically identified and described in the Facility Schedules that are attached hereto and incorporated herein.

2.4 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. 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, including the 2004 Interconnection Agreement, 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.

ARTICLE III - DEFINITIONS

For purposes of this Agreement, the following definitions shall apply:

3.1 Agreement shall mean this Agreement with all exhibits, schedules, and attachments applying hereto, including any exhibits, schedules, attachments, and any amendments hereafter made.

3.2 ERCOT shall mean the Electric Reliability Council of Texas, Inc., or its successor in function.

3.3 ERCOT Requirements shall mean the ERCOT Operating Guides, ERCOT Metering Guidelines, and ERCOT Protocols, 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 (including customer registration) policies, rules, guidelines, procedures, standards, and criteria of ERCOT.

3.4 Facility Schedule(s) shall mean the 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.

3.5 Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region. Good Utility Practice may include, but not be limited to, conformance with the applicable and consistently applied reliability criteria, standards and operating guides of ERCOT and the NERC, or successor organization(s).

3.6 NERC shall mean the North American Electric Reliability Corporation or its successor in function.

3.7 NERC Reliability Standards shall mean the mandatory electric reliability standards enforced by NERC.

3.8 Point(s) of Interconnection shall mean the former points of interconnection previously provided for by the 2004 Interconnection Agreement, additional points of interconnection established under this Agreement subsequent to the 2004 Interconnection Agreement and future points of interconnection that may be established under this Agreement at which the electrical systems of the Parties are connected or may, by the closure of normally open switches, be connected.

3.9 PUCT shall mean the Public Utility Commission of Texas or its successor in function.

ARTICLE IV - ESTABLISHMENT AND TERMINATION OF POINTS OF INTERCONNECTION

4.1 The Parties agree to comply with NERC Reliability Standards as they relate to the interconnection of their facilities at the locations identified and described in the Facility Schedules which are attached hereto and incorporated herein.

4.4 The Parties agree to interconnect their facilities at the locations, and in accordance with the terms and conditions, specified in the attached Facility Schedule(s). All Points of Interconnection shall be specified in Exhibit A and the Facility Schedule(s) attached hereto and made a part hereof. The Facility Schedule(s) shall specify the responsibilities of the Parties with respect to ownership, control, operation, and maintenance of the interconnection facilities.

4.5 It is understood that Points of Interconnection described in Facility Schedule(s) number 1 through 4 and 6 through 13 were provided for by the 2004 Interconnection Agreement. Descriptions of locations, facilities ownership, operation, and maintenance responsibilities contained in the 2004 Interconnection Agreement are reflected, to the extent possible, in this Agreement.

4.4 Unless otherwise provided in a Facility Schedule, each Party shall, at each Point of Interconnection, at its own risk and expense, design, install, or cause the design and installation of the 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, originating in the system of one Party, from affecting or impairing the system of the other Party, or other systems to which the system of such Party is interconnected. The Parties agree that all Points of Interconnection will be established in

conformance with the ERCOT Requirements. 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. Except as otherwise provided in the Facility Schedules, each Party will be responsible for the equipment and facilities it owns on its side of the Point of Interconnection.

4.5 From time to time, a Point of Interconnection may be added, changed, modified, or deleted from this Agreement as mutually agreed by the Parties (not to be unreasonably withheld) and/or as ordered by a regulatory authority having jurisdiction thereof. Any such change, addition, or deletion shall be recorded in Exhibit A and a Facility Schedule in such a way that the numbering of the other Facility Schedules is not changed. Subject to regulatory approval, if required, either Party may terminate a Point of Interconnection on twelve (12) months advance written notice. Upon termination of a Point of Interconnection, each Party shall discontinue the use of the facilities of the other associated with the use of that Point of Interconnection and shall disconnect from that Point of Interconnection. The Parties agree to use reasonable efforts to coordinate the termination of a Point of Interconnection to minimize any disruption in service by either Party.

4.6 Subject to regulatory approval, if required, unless mutually agreed, neither party shall have the right to disconnect from the other Party at any Point of Interconnection specified on Exhibit A and a Facility Schedule, originally attached to this Agreement or added subsequent to the execution of this Agreement, except as set forth in §4.5 above, or for reason of a material violation of the terms of this Agreement, for which opportunity to correct such violation was given under §15.1 of this Agreement and such violation was not corrected in accordance with said §15.1.

4.7 For facilities not specified in the Facility Schedules, or if either Party makes equipment changes or additions to the equipment at a Point of Interconnection, which may affect the operation or performance of the other Party's interconnection facilities, the Parties agree to notify the other Party, in writing, of such changes. Such changes shall be made in accordance with Good Utility Practice, ERCOT Requirements, the National Electrical Safety Code, other applicable codes, and standards in effect at the time of construction, and coordinated between the Parties.

4.8 Each Party agrees to provide current as-built drawings to the other Party of the facilities owned by that Party at each Point of Interconnection.

4.9 The Parties agree to coordinate and cooperate on assessments of the reliability impacts to the interconnected transmission system for new facilities requesting connection to their distribution or transmission facilities, in accordance with the NERC Reliability Standards.

ARTICLE V - OTHER SERVICES

5.1 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 service that either Party may desire from the other Party or any third party.

5.2 All transmission, transformation, distribution, metering, operations, and maintenance, engineering, billing or other miscellaneous services will be provided and charged under agreements separate from this Agreement.

ARTICLE VI - SYSTEM OPERATION AND MAINTENANCE

6.1 Unless otherwise provided by the Facility Schedules, each Party shall, at each Point of Interconnection, at its own risk and expense, operate and maintain the facilities (including all apparatus and necessary protective devices) it owns or hereafter may own, so as to reasonably minimize the likelihood of voltage and frequency abnormalities, 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. The Parties agree that all Points of Interconnection will be operated and maintained in conformance with the ERCOT Requirements.

6.2 Unless otherwise provided by the Facility Schedules, each Party will be responsible for the operation, maintenance and inspection of all facilities it owns now or hereafter may own associated with each Point of Interconnection.

6.3 Unless otherwise provided by the Facility Schedules, each Party shall operate the facilities within its transmission network. The operation of the electrical network shall be such that power flows that enter and exit one Party's transmission network do not have undue impacts on the other Party's transmission network. Operational responsibility for facilities owned by one Party, but installed in another Party's substation or transmission line will be identified in the Facility Schedule for that particular Point of Interconnection.

6.4 During the term of this Agreement, the Parties will, consistent with maintaining good operating practices, coordinate their operations to maintain continuity of services to their respective customers to the extent practicable. Planned facility 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. Except as otherwise permitted by the terms of this Agreement, no changes will be made in the normal operation of a Point of Interconnection

without the mutual agreement of the Parties. The Parties will, to the extent necessary to support continuity of operations, coordinate the operation of protective devices on the facilities they 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.

6.5 Each Party will provide the reactive requirements for its own system in accordance with the ERCOT Requirements. Each Party will provide the reactive requirements for its own system so as not to impose a burden on the other system.

6.6 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 not to be unreasonably withheld or delayed. It shall 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. Such operations by the other Party will be at no cost to the owner or normal operator of the equipment.

6.7 Each Party will determine the operating limits of the facilities that it owns and make such limits known to the Party operating those facilities. The operating Party of those facilities will not exceed those limits without prior approval of the Party owning the facilities.

ARTICLE VII - RIGHT OF ACCESS, EQUIPMENT INSTALLATION AND REMOVAL

7.1 Each Party shall 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 such other Party that is located on such premises or for the purpose of performing any work necessary in the performance of this Agreement.

7.2 Each Party grants to the other Party permission to install, maintain, and/or operate, or cause to be installed, maintained, and/or operated, on its premises, the necessary equipment, apparatus, and devices required for the performance of this Agreement. Any such installation, maintenance, and operation to be performed, except in the case of emergencies, shall be performed only after a schedule of such activity has been submitted and agreed upon by the Parties.

7.3 Any and all equipment, apparatus, and devices placed or installed, or caused to be placed or installed by one Party on, or in, the premises of the other Party, shall 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, shall 1) have the right to sell such equipment, apparatus, devices, or facilities to the other Party if the other Party wishes to purchase such equipment, apparatus, devices, or facilities or 2) to 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 shall be considered abandoned by the owning Party and may be disposed of by the other Party in the manner it shall determine appropriate; provided, however, that any net cost incurred by the disposing Party shall be reimbursed by the abandoning Party.

7.4 Each Party shall clearly mark their respective equipment, apparatus, devices, or facilities with appropriate ownership identification.

7.5 Either Party may request the other Party to upgrade or modify its terminal facilities at a Point of Interconnection in accordance with the other Party's standard design of equipment, provided that the upgrade or modification is consistent with good utility practice and, if applicable, is approved by ERCOT. The requesting Party shall provide the responsive Party a minimum of twenty-four (24) months notice of the upgrade or modification of its terminal facilities at a Point of Interconnection, absent mutual acceptance of a shorter notice period. The Parties agree to use reasonable efforts to coordinate the upgrade or modification of terminal facilities at a Point of Interconnection to minimize any disruption in service by either Party.

ARTICLE VIII - METERING AND RECORDS

8.1 All metering equipment required herein shall be selected, installed, tested, operated, and maintained by the Party owning such metering equipment in accordance with Good Utility Practice and the ERCOT Requirements.

8.2 The Party that does not own the metering equipment shall be permitted to witness any testing, inspection, maintenance, or alteration of such metering equipment owned by the other Party. The owner of such equipment shall 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.

8.3 If any test or inspection of metering equipment shows that it does not meet the accuracy requirements established by the ERCOT Requirements, the meter or other equipment found to be inaccurate or defective shall be promptly repaired, adjusted, or replaced by the owner. Should metering equipment fail to register, the power and energy delivered and received shall be determined in accordance with the ERCOT Requirements.

8.4 As long as metering, telemetering or communications facilities are required by the ERCOT Requirements and are operated and maintained in accordance with ERCOT guidelines and Protocols, the Party owning these facilities shall allow the other Party to read the meter by means of the existing telemetering and communications facilities. The other Party shall 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.

ARTICLE IX – COMMUNICATION AND TELEMETERING FACILITIES

9.1 Each Party shall provide, at its own expense, the necessary communication and telemetering facilities needed for the control and operation of its transmission and/or distribution system.

9.2 All communication and telemetering facilities required herein shall be selected, installed, tested, operated, and maintained by the Party owning such equipment in accordance with Good Utility Practice and the ERCOT Requirements.

ARTICLE X - INDEMNIFICATION

EACH PARTY SHALL ASSUME ALL LIABILITY FOR, AND SHALL INDEMNIFY, DEFEND, AND SAVE HARMLESS THE OTHER PARTY, ITS DIRECTORS, OFFICERS, AND AGENTS (INCLUDING, BUT NOT LIMITED TO, DIRECTORS, OFFICERS, AND EMPLOYEES OF ITS AFFILIATES AND CONTRACTORS) FROM ANY AND ALL DAMAGES, LOSSES, CLAIMS, INCLUDING CLAIMS AND ACTIONS RELATING TO INJURY TO OR DEATH OF ANY PERSON (INCLUDING THE EMPLOYEES OF THE INDEMNIFIED PARTY) OR DAMAGE TO PROPERTY (INCLUDING PROPERTY OF THE INDEMNIFIED PARTY) DEMANDS, SUITS, RECOVERIES, COSTS AND EXPENSES, COURT COSTS, ATTORNEY FEES, AND ALL OTHER OBLIGATIONS BY OR TO THIRD PARTIES, ARISING OUT OF OR RESULTING FROM NEGLIGENCE OR OTHER FAULT IN THE DESIGN, CONSTRUCTION, OR OPERATION OF THEIR RESPECTIVE FACILITIES, DURING THE PERFORMANCE OF THIS AGREEMENT

AND TO THE EXTENT PERMITTED BY LAW, EXCEPT IN CASES OF NEGLIGENCE OR INTENTIONAL WRONGDOING BY THE OTHER PARTY.

ARTICLE XI - NOTICES

11.1 Notices of an administrative nature, including but not limited to a notice of termination, notice of default, request for amendment, change to a Point of Interconnection, or request for a new Point of Interconnection, shall be forwarded to the designees listed below for each Party and shall be deemed properly given if delivered in writing to the following:

If to Company:

Manager, Transmission and Interconnection Services
American Electric Power Service Corporation
Robert Pennybaker
212 East Sixth Street
Tulsa, OK 74119
918-599-2723
rlpennybaker@aep.com

With copy to:

Manager, Transmission Planning - Texas
American Electric Power Service Corporation
Paul Hassink
212 East Sixth Street
Tulsa, OK 74119
918-599-2653
phassink@aep.com

If to Cooperative:

General Manager & CEO
Taylor Electric Cooperative, Inc.
Darryl Schriver
P.O. Box 250
Merkel, TX 79536-0250
226 County Road 287
Building A
Merkel, TX 79536

325-793-8500
schrivier@taylorelectric.com

11.2 The above listed names, titles, and addresses of either Party may be changed by written notification to the other Party.

ARTICLE XII - SUCCESSORS AND ASSIGNS

12.1 Subject to the provisions of §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 and distribution business; to any affiliate of the assigning Party with an equal or greater credit rating; 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.

ARTICLE XIII - GOVERNING LAW AND REGULATION

13.1 This Agreement was executed in the State of Texas and must in all respects be governed by, interpreted, construed, and enforced in accordance with the laws thereof 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 This Agreement and all obligations hereunder, are expressly conditioned upon obtaining approval or authorization or acceptance for filing by any regulatory authority whose approval, authorization, or acceptance for filing is required by law. After execution by both Parties, AEP will file this Agreement with the FERC with copies of such filing provided to the PUCT. Both Parties hereby agree to support the approval of this Agreement before such regulatory authorities and to provide such documents, information, and opinions as may be reasonably required or requested by either Party in the course of approval proceedings.

13.3 In the event that a regulatory authority having jurisdiction over the Parties orders a change in the terms of this Agreement, 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. 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 sixty (60) days prior written notice of such election to the other Party. An election to terminate under this provision shall not affect either Party's duty to perform prior to the effective date of termination.

13.4 In the event any part of this Agreement is declared invalid by a court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect and shall constitute a binding agreement between the Parties provided, however, that if either Party determines, in its sole discretion, that there is a material change in this Agreement by reason of any provision or application being finally determined to be invalid, illegal, or unenforceable, that Party may terminate this Agreement upon sixty (60) days prior written notice to the other Party. An election to terminate under this provision shall not affect either Party's duty to perform prior to the effective date of termination.

ARTICLE XIV – DEFAULT AND FORCE MAJEURE

Neither Party shall be considered in default with respect to any obligation hereunder, other than the payment of money, if prevented from fulfilling such obligations by reason of any cause beyond its reasonable control, including, but not limited to, outages or interruptions due to weather, accidents, equipment failures or threat of failure, strikes, civil unrest, injunctions or order of governmental or regulatory authority having jurisdiction ("Force Majeure"). If performance by either Party has been prevented by such event, the affected Party shall promptly and diligently attempt to remove the cause of its failure to perform, except that neither Party shall be obligated to agree to any quick settlement of any strike or labor disturbance, that, in the affected Party's opinion, may be inadvisable or detrimental, or to appeal from any administrative

or judicial ruling.

ARTICLE XV - TERMINATION ON DEFAULT

15.1 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 §15.2, 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 thirty (30) days, the defaulting Party shall commence such cure within thirty (30) days after notice and continuously and diligently complete such cure within ninety (90) days from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

15.2 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.

15.3 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of this Agreement will not be considered to waive the obligations, rights, or duties imposed upon the Parties by this Agreement.

ARTICLE XVI – MISCELLANEOUS PROVISIONS

16.1 Any undertaking by a Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of that Party to the public or to the other Party, and it is understood and agreed that any such undertaking shall cease upon the termination of this Agreement.

16.2 IN NO EVENT SHALL EITHER 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.

16.3 This Agreement shall not affect the obligations or rights of either Party with respect to other agreements. Both Parties to this Agreement represent that there is no agreement or other obligation binding upon it, which, as such Party is presently aware, would limit the effectiveness or frustrate the purpose of this Agreement.

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

16.5 The descriptive headings of the various sections of this Agreement have been inserted for convenience of reference only and are to be afforded no significance in the interpretation or construction of this Agreement.

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

[signatures are on next page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by the undersigned authorized representatives.

**AEP TEXAS NORTH
COMPANY**

**TAYLOR ELECTRIC
COOPERATIVE, INC.**

By: _____
Michael Heyeck
Vice President

By: _____
Darryl Schriver
General Manager and CEO

Date: _____

Date: _____

EXHIBIT "A"

[illegible]

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

- (1) Metering equipment is owned by Cooperative or its designated representative at this Point of Interconnection
- (2) Operating procedure is attached for this Point of Interconnection