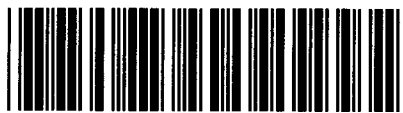




Control Number: 35077



Item Number: 298

Addendum StartPage: 0

PUBLIC UTILITY COMMISSION OF TEXAS
Substantive Rule 25.195(e)

Project No. 35077

INTERCONNECTION AGREEMENT

DATED AS OF MARCH 5, 2010

BETWEEN

ELECTRIC TRANSMISSION TEXAS, LLC

AND

SOUTH TEXAS ELECTRIC COOPERATIVE, INC.

MAY 22, 2012

TABLE OF CONTENTS

<u>SECTION</u>	<u>FILE NAME</u>	<u>Page</u>
Interconnection Agreement	ETT-South Texas Electric Cooperative.pdf	2 - 21

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298

INTERCONNECTION AGREEMENT
BETWEEN
ELECTRIC TRANSMISSION TEXAS, LLC
AND
SOUTH TEXAS ELECTRIC COOPERATIVE, INC.

DATED: March 5, 2010

**INTERCONNECTION AGREEMENT
BETWEEN
ELECTRIC TRANSMISSION TEXAS, LLC
AND
SOUTH TEXAS ELECTRIC COOPERATIVE, INC.**

This Interconnection Agreement ("Agreement") is made and entered into this 5th day of March, 2010, by and between Electric Transmission Texas, LLC ("ETT") and South Texas Electric Cooperative, Inc. ("STEC") each sometimes hereinafter referred to individually as "Party" or both referred to collectively as "Parties".

WITNESSETH

WHEREAS, each Party is the owner of transmission facilities and is engaged in the business of transmitting electric energy within the Electric Reliability Council of Texas; and

WHEREAS, ETT has contracted with AEP Texas Central Company for the services necessary to operate its transmission facilities in accordance with regulatory requirements; and

WHEREAS, the Parties have recently established or shortly will establish several new interconnection facilities between their electrical systems; and

WHEREAS, the Parties desire to interconnect their respective transmission 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 of execution by both Parties and upon acceptance by any regulatory agency having jurisdiction. Unless otherwise mutually agreed in writing, this Agreement and any subsequent addendum to this Agreement shall remain in effect for a period of ten (10) years from the effective date of this Agreement or the effective date of any subsequent addendum to this Agreement, which ever is later, and shall continue in effect thereafter, subject to cancellation by either Party upon three (3) years written notice to the other Party.

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.

2.3 This Agreement, including all 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 and undertakings, oral and written, if any, 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 schedules and attachments applying hereto, including any schedules and attachments hereafter made and any amendments hereafter made.

3.2 ERCOT shall mean the Electric Reliability Council of Texas, Inc., or its successor in function, that is the independent system operator, and, in a geographic sense, refers to the area served by electric utilities, municipally owned utilities, and electric cooperatives that are not synchronously interconnected with electric utilities outside of the State of Texas, charged with continuous communication (7 days per week and 24 hours per day basis) with ERCOT operations and carrying out dispatch instructions directly or on behalf of represented TDSPs and carrying out other functions as described in the ERCOT Requirements.

3.3 “ERCOT Requirements” shall mean the ERCOT Operating Guides, ERCOT Metering Guidelines, and ERCOT Protocols, 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 points where 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.

4.2 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.

4.3 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, 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. 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.

4.4 Each Party will be responsible for constructing, operating, maintaining, and owning, unless mutually agreed otherwise, transmission facilities that carry its network power flow at a 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 thirty-six (36) months advance written notice or according to mutual agreement. 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, and unless mutually agreed in writing, 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 Section 4.4 above, or for reason of a material violation of the terms of this Agreement, for which opportunity to correct such violation was given under Paragraph 15.1 of this Agreement and such violation was not corrected in accordance with said Paragraph 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 Upon request, 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 and ERCOT Requirements.

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.

5.3 Each Facility Schedule shall indicate whether transformation and/or metering services apply at each Point of Interconnection.

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 Parties shall endeavor to operate their facilities in a manner that avoids undue impact to the other Party's 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 maximum continuity of services to their respective customers. 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 and in accordance with Good Utility Practice, 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 in a mutually agreeable manner.

6.5 Each Party will provide the reactive requirements for its own system in accordance with the ERCOT Requirements.

6.6 Parties will communicate with each other as soon as practical after any unplanned outage and immediately prior to any imminent operation of a switching device that will cause a deviation from the normal power and energy flow at a Point of Interconnection. No changes will be made in the normal operation of a Point of Interconnection without the mutual agreement of the Parties.

6.7 During periods of emergency conditions declared by ERCOT, or its successor, or as necessary to restore customer service or to mitigate a dangerous or equipment damaging condition, 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.

6.8 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.

VII - RIGHTS 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. Unless facilities are assigned as per this Agreement to another party, 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 after the owning Party is notified in writing requesting such removal, it shall be considered abandoned by the owning Party and may be disposed of by the other Party, after re-notification to the owning Party thirty (30) days prior to commencement of such removal, in the manner the other Party

shall determine appropriate; provided, however, that reasonable 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, and also provided such compliance with the other Party's standard design, does not unduly increase costs of such upgrade. 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. Any differences between the Parties regarding design changes will be resolved in accordance with NESC requirements as a minimum.

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 applicable 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 applicable 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 actual and reasonable 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 applicable ERCOT Requirements.

ARTICLE X - INDEMNIFICATION

10.1 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 GROSS 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 ETT:

Electric Transmission Texas, LLC
President
400 W. 15th Street, Suite 800
Austin, Texas 78701-1677
Telephone: (512) 391-6300
Fax: (886) 947-1063

If to STEC:

General Manager
South Texas Electric Cooperative, Inc.
2849 FM 447
P.O. Box 119
Nursery, TX 77976
Telephone: (361) 575-6491
FAX: (361) 576-1433

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

11.3 The Parties shall exchange contact information for the respective authorized system operations desk and shall notify the other Party in writing of any change of such contact information.

ARTICLE XII - 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, delayed or conditioned 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 shall 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. 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.

13.3 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 Section 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 The Parties agree that it is their intent that performance under this Agreement will in no way jeopardize the tax-exempt status of STEC and the tax-exempt nature of STEC's property and use of facilities.


16.7 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.

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

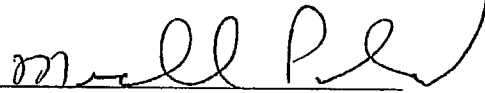
ELECTRIC TRANSMISSION TEXAS, LLC

SOUTH TEXAS ELECTRIC
COOPERATIVE, INC.

By:

 (ALH)
Name: J. Calvin Crowder
Title: President

By:


Name: Michael Packard
Title: General Manager

Date:

MARCH 5, 2010

Date:

MARCH 3rd, 2010

EXHIBIT A

FACILITY SCHEDULE NO.	INTERCONNECTION NAME	INTERCONNECTION VOLTAGE (KV)	LAST DATE INCLUDED OR AMENDED IN THIS AGREEMENT*
1	San Miguel – Lobo Tie Line	345	MARCH 5 TH , 2010
2	Azteca	138	MARCH 5 TH , 2010
3	Devine**	69	MARCH 5 TH , 2010

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

** This Point of Interconnection will become effective upon the termination of the point of interconnection at this location between STEC and AEP Texas Central Company.

FACILITY SCHEDULE NO. 1

1. Name: **San Miguel – Lobo Tie Line**
2. Facility Location: The Point of Interconnection in the San Miguel to Lobo 345kV transmission line is at STEC's Structure 41-5 located adjacent to Cameron Lane approximately 7 miles north of County Road 624 in McMullen County.
3. Delivery Voltage: 345 kV
4. Metered Voltage: not applicable
5. Loss Adjustment Due to Meter Location: not applicable
6. Normal Operation of Interconnection: not applicable
7. One-Line Diagram Attached: not applicable
8. Description of Facilities Installed and Owned by Each Party:

STEC owns the terminal equipment at the San Miguel Power Plant 345kV station and the segment of 345kV line, including OPGW, from the San Miguel end to the ownership change point. STEC owns the structure at the ownership change point.

ETT owns all equipment at the Lobo Station and the segment of 345kV line, including OPGW, between the Lobo Station and the Point of Interconnection. ETT owns the deadend insulator assemblies for its conductors attached to STEC's structure. ETT owns the jumpers connecting the tensioned conductors.
9. Operational Responsibilities of Each Party:

Each Party is responsible for the operation and control of the facilities it owns.
10. Maintenance Responsibilities of Each Party:

Each Party maintains the facilities it owns. The Parties shall coordinate emergency restoration efforts such that either Party may initiate those efforts regardless of the ownership at the point of failure.
11. Other Terms and Conditions:

STEC is responsible for all equipment involved in the splicing of the OPGW fibers at the ownership change structure.

Each Party shall provide 345kV breaker status and other SCADA information related to this 345kV line's terminal equipment to the other Party.

FACILITY SCHEDULE NO. 2

1. Name: **Azteca**
2. Facility Location: The Azteca Substation at 352 West Russell Road, Edinburg, Hidalgo County is approximately 1.5 miles from the HEC Substation on the AEP Texas Central Company (AEP) HEC to Southeast Edinburg 138 kV transmission line. The point of interconnect is at the 138 kV side of the 138 kV motor operated switch 22752.
3. Delivery Voltage: 138 kV
4. Metered Voltage: 12.47 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:

STEC owns the Azteca Substation site, including the 138 kV motor operated air switch 22752, all 12.47 kV facilities, control house, power transformers(s) and associated circuit switcher(s) and relay protection, a remote terminal unit (RTU) and all site facilities except for ETT's transmission and associated equipment.

ETT owns the Azteca Substation 138 kV transmission facilities up to but not including the 138 kV motor operated air switch 22752, a RTU, a 12.47 kV meter panel connected to the STEC instrument transformers and compensated for losses to the Point of Interconnection, and transmission line relay panels and communications equipment needed for the protection of the 138 kV bus and transmission lines.

Each Party provides their own SCADA communication circuit from their own RTU to their respective control center unless a mutually agreeable alternative solution is reached.
9. Operational Responsibilities of Each Party:

Each Party is responsible for the operation and control of the facilities it owns.
10. Maintenance Responsibilities of Each Party:

Each Party maintains the facilities it owns.
11. Other Terms and Conditions:

The 138 kV motor operated switch 22752 shall have dual locks to allow each Party to operate and lock it for clearances as per STEC dispatch instruction. All 138 kV operations shall be discussed between the Parties prior to scheduling or performing switching or washing.

The Azteca Substation will be designed for a future breaker ring bus arrangement that will allow additional 138 kV transmission lines and distribution transformers.

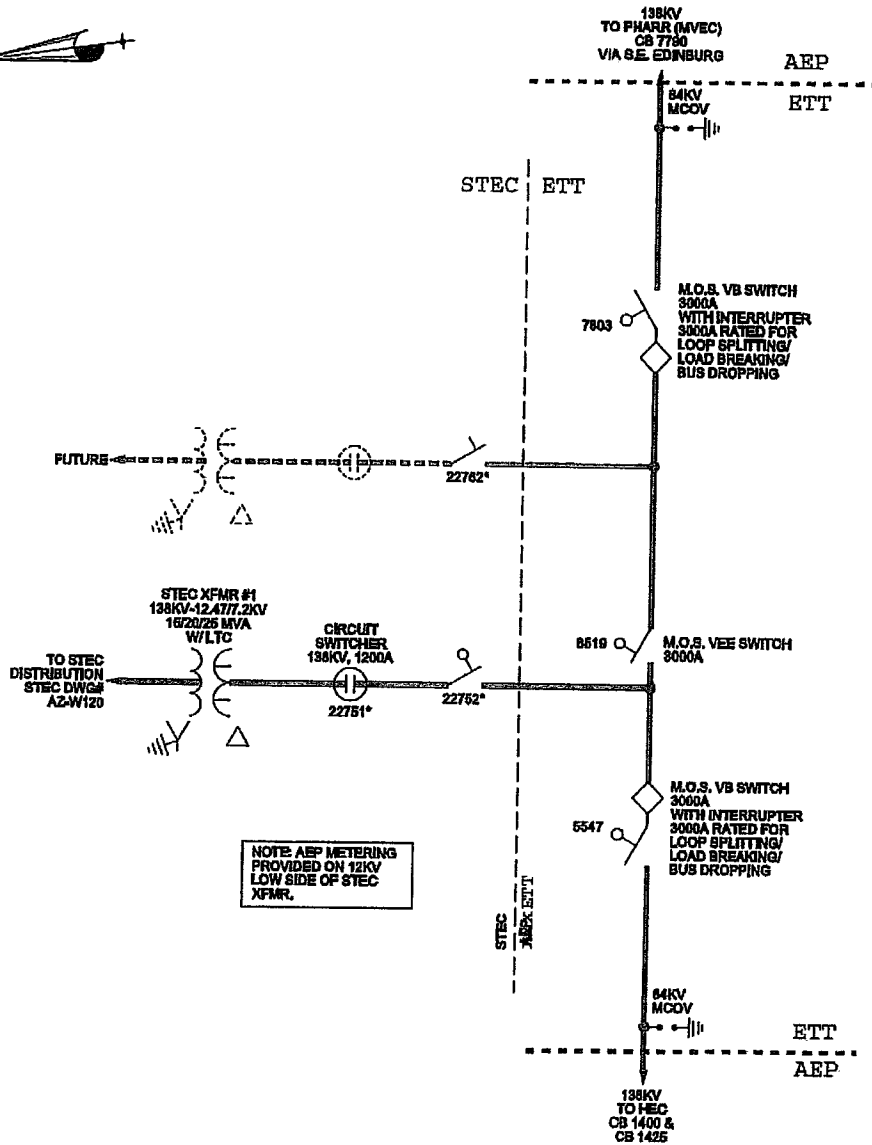
STEC shall make available to ETT analog mega-watt (MW) and mega-var (MVAR) power flows values, status of transmission switching devices, and distribution voltage values.

The Parties will coordinate the exchange of the analog and digital information and communications protocol issues.

STEC shall submit its applicable station data to ERCOT and ETT shall have access to the data via mutually agreed upon path. ETT shall submit its applicable station data to ERCOT and STEC shall have access to the data via mutually agreed upon path.

STEC shall allow available control house floor space for ETT's initial transmission line protective relay panels and communications racks. Upon the addition of transmission terminals requiring additional relay panels, ETT shall install an appropriately sized control house or, if mutually agreeable, the existing control house may be expanded.

GPS LOCATION:
LAT: 28.322811°
LON: -88.182030°



ENTIRE STATION OWNED AND OPERATED BY AEP EXCEPT AS NOTED.

--- INDICATES OWNERSHIP & CONTROL DIVISION

* SWITCH NUMBER ASSIGNED & MAINTAINED BY STECS

TEXAS CENTRAL COMPANY		AZTECA #5122		138KV	
APP'D BY : CJC	DR. BY : VAJ/PEI	CH. BY :	DATE : 10/27/09	ONE LINE DIAGRAM	
AEP AMERICAN* ELECTRIC POWER		1 RIVERSIDE PLAZA COLUMBUS, OH 43215	Work Order #: 41300109	DISPATCHING	
				DWG. No. 5122S001	REV 3

FACILITY SCHEDULE NO. 3

1. Name: Devine
2. Facility Location: STEC's Devine Substation is located at 1026 Hwy 132S, Devine, Medina County, Texas. The Point of Interconnection is at the station dead end structure at this station where the conductors from the station equipment connect to the conductors of the 69 kV transmission line from the ETT Devine Substation.
3. Delivery Voltage: 69 kV
4. Metered Voltage: No revenue meter. See Other Terms and Conditions
5. Loss Adjustment Due To Meter Location: No
6. Normal Operation of Interconnection: Open
7. One-Line Diagram Attached: Yes
8. Description of Facilities Installed and Owned by Each Party:

ETT owns the 69 kV line to STEC's Devine Substation.
STEC owns all equipment in its Devine Substation.
9. Operational Responsibilities of Each Party:

Each Party is responsible for the operation and control of the facilities it owns except that both Parties may operate switch 2842 which is dual locked.
10. Maintenance Responsibilities of Each Party:

Maintenance is the responsibility of the equipment owner.
11. Other Terms and Conditions:

ETT has access to STEC's Devine Substation with a lock in the access gate.

This Point of Interconnection will become effective upon the termination of the point of interconnection at this location between STEC and AEP Texas Central Company.

