

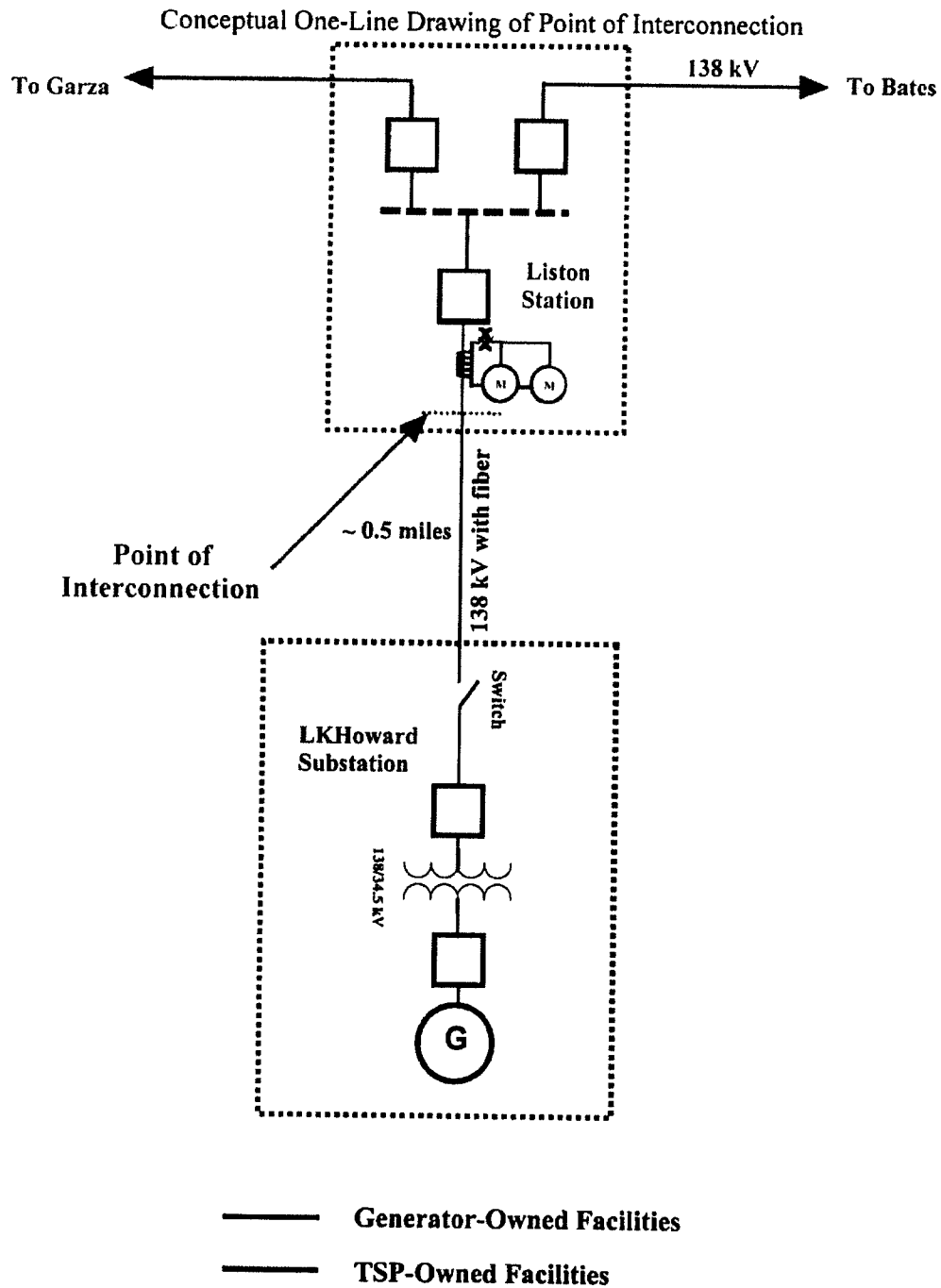
standards established and enforced by the North American Electric Reliability Corporation or its successor electric reliability organization.

**13. Special Operating Terms and Conditions:**

a) For thermal powered generation, Generator will provide TSP at least thirty (30) minutes prior notice before coming on-line or off-line so TSP can adjust reactive resources.

b) For wind powered generation greater than 50 MW, Generator shall notify TSP with at least thirty (30) minutes in advance anytime the reactive capability is expected to deviate by more than 10% from the reactive capability curves provided in accordance with Section 12 (f)(viii) above or any time Generator expects generation rate changes greater than 25 MW per minute.

# EXHIBIT "C-1"



## EXHIBIT "D"

### NOTICE INFORMATION OF THE INTERCONNECTION AGREEMENT

(a) All notices of an operational nature shall be in writing and/or may be sent between the Parties via electronic means including facsimile as follows:

	If to Generator:	If to Transmission Service Provider:
Company Name:	Los Vientos Windpower V, LLC	AEP Texas Central Company c/o American Electric Power Service Corporation
Attn:	Mike Braun	Manager, Transmission Dispatching
Address:	139 E. 4 <sup>th</sup> St., Mail Code 300A	5502 Corporate Dr.
City, State, Zip:	Cincinnati, OH 45202	Corpus Christi, TX 78403
24 Hour Phone:	(513) 218-3485	(361) 289-4003
E-mail:	mike.braun@duke-energy.com	dkkunkel@aep.com
Copy:		
Company Name:	Los Vientos Windpower V, LLC	
Attn:	Theodore Matula	
Address:	2801 Via Fortuna	
City, State, Zip:	Austin, TX 78746	
Fax:	(512) 306-1652	
Phone:	(512) 306-1580	
E-mail:	theodore.matula@duke-energy.com	

(b) Notices of an administrative nature:

	If to Generator:	If to Transmission Service Provider:
Company Name:	Los Vientos Windpower V, LLC	AEP Texas Central Company c/o American Electric Power Service Corporation
Attn:	Mike Braun	Director, Transmission & Interconnection Services
Address:	139 E. 4 <sup>th</sup> St., Mail Code 300A	212 E. 6th Street
City, State, Zip:	Cincinnati, OH 45202	Tulsa, OK 74119
Fax:		918-599-3003
Phone:	(513) 218-3485	918-599-2723
E-mail:	mike.braun@duke-energy.com	rlpennybaker@aep.com

Copy:		
Company Name:	Los Vientos Windpower V, LLC	
Attn:	Theodore Matula	
Address:	2801 Via Fortuna	
City, State, Zip:	Austin, TX 78746	
Fax:	(512) 306-1652	
Phone:	(512) 306-1580	
E-mail:	theodore.matula@duke-energy.com	

(c) Notice for statement and billing purposes:

	If to Generator:	If to Transmission Service Provider:
Company Name:	Los Vientos Windpower V, LLC	AEP Texas Central Company c/o American Electric Power Service Corporation
Attn:	Amanda Rogers	Accounts Receivable
Address:	139 E. 4 <sup>th</sup> Street, mail drop 300-A	301 Cleveland Ave SW
City, State, Zip:	Cincinnati, OH 45202	Canton, OH 44702

(d) Information concerning Electronic Funds Transfers:

	If to Generator:	If to Transmission Service Provider:
Bank Name:	PNC Bank	Citibank, N.A.
Address:	249 5 <sup>th</sup> Ave., 1 PNC Plaza	399 Park Avenue
City, State:	Pittsburgh, PA 15222	New York, NY 10043
ABA No.	400365227	021000089
for credit to	Duke Energy Generation Services	AEP Texas Central Company
Account No.	400365227	30484552

## EXHIBIT "E"

### SECURITY ARRANGEMENT DETAILS

1. As a condition to TSP's obligation to plan, license, engineer, design, procure equipment and materials, and construct the TIF described in Section 8 of Exhibit "C", Generator will provide a financial security ("Security") in the form of one (1) or more letters of credit ("LC"), corporate guaranty or other form of collateral security reasonably acceptable to TSP in an amount totaling Five Million One Hundred Thousand Dollars (\$5,100,000), as required pursuant to Section 8.3 of this Agreement. Such Security shall be provided within ten (10) business days after receipt of written notice from TSP that TSP has executed this Agreement.

2. Depending upon the creditworthiness of the proposed guarantor, a corporate guaranty may or may not be acceptable Security. If Generator chooses to provide a corporate guaranty, it shall provide any financial reports requested by TSP upon execution of this Agreement. If the creditworthiness of the proposed guarantor is acceptable to TSP, the corporate guaranty shall be in a form similar to that shown in Exhibit "E-1" or, if in a form not similar to that shown in Exhibit "E-1" in a form acceptable to TSP. Generator shall provide annual audited financial statements of the guarantor for so long as the guaranty is in effect. In addition, Generator agrees to provide financial information concerning the guarantor as may be requested from time to time by TSP.

3. LC means one (1) or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch that has a credit rating of at least A- from Standard and Poor's or an A3 credit rating from Moody's Investors Services. The LC will be maintained with a bank having such credit rating for the entire period that the LC is in effect. TSP reserves the right to request multiple LC providers, depending on the amount of security required. The LC shall be in a form substantially similar to that shown in Exhibit "E-2" or, if not in a form similar to that shown in Exhibit "E-2," in a form acceptable to TSP. Such LC shall state that it is issued in favor of TSP and specify as its expiry date the date that follows the Commercial Operation Date indicated in Exhibit "B" by one (1) year. Costs of the LC shall be borne by the Generator.

4. TSP may by written notice to Generator require Generator to increase, replenish, or replace the Security from time to time i) if TSP determines in its reasonable discretion that the remaining Security is not adequate to cover the costs that TSP then reasonably estimates could become payable pursuant to this Agreement, ii) in the case of a letter of credit, if at any time the bank issuing the letter of credit no longer meets the criteria set forth in Section 3 above, or iii) in the case of a guaranty, if at any time the creditworthiness of the guarantor is no longer reasonably acceptable to TSP. Generator will tender any such increase, replenishment, or replacement to TSP within thirty (30) days of such notice. No forbearance or delay on the part of TSP in requiring an increase, replenishment, or replacement of the Security will be a waiver of its right to do so.

## EXHIBIT "E-1"

### FORM OF CORPORATE GUARANTY

#### GUARANTY

THIS GUARANTY is executed as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ between \_\_\_\_\_, a \_\_\_\_\_ (the "Guarantor"), and AEP Texas Central Company, a Texas corporation (the "Counterparty").

#### RECITAL

Los Vientos Windpower V, LLC, a Delaware limited liability company (the "Company"), and the Counterparty have entered into an Interconnection Agreement, dated as of \_\_\_\_\_ (the "Agreement"). As an inducement to the Counterparty to enter into the Agreement and for other good and valuable consideration, the receipt, and sufficiency of which are hereby acknowledged, the Guarantor covenants and agrees as follows:

1. Guaranty of Payment. The Guarantor hereby irrevocably and unconditionally guarantees the due punctual and full payment of any and all obligations of the Company to the Counterparty now or hereafter due pursuant to the Agreement in connection with the activities of the parties under the Agreement (the "Guaranteed Obligation"), subject to the limits set forth herein. Upon any failure by the Company to pay any of the Guaranteed Obligation, the Guarantor agrees that it will forthwith on demand pay any amounts which the Company has failed to pay the Counterparty, at the place and in the manner specified in the Agreement. This guaranty is a guaranty of payment and not merely a guaranty of collection. The Guarantor agrees that the Counterparty may resort to the Guarantor for payment of any of the Guaranteed Obligation, whether or not the Counterparty shall have resorted to any collateral security, or shall have proceeded against any other obligor principally or secondarily obligated with respect to any of the Guaranteed Obligation. Guarantor reserves the right to assert defenses, which the Company may have to payment of any Guaranteed Obligation other than defenses based on lack of capacity, lack of authority, lack of due execution, or arising from the bankruptcy, insolvency, or similar proceeding of the Company and other defenses expressly waived hereby.

2. Guaranty Unconditional and Absolute. The obligations of the Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(A) any extension, renewal, settlement, compromise, waiver, discharge, or release in respect of any Guaranteed Obligation of the Company;

(B) the existence, or extent of, any release, exchange, surrender, non-perfection, or invalidity of any direct or indirect security for any of the Guaranteed Obligation;

(C) any modification, amendment, waiver, extension of or supplement to the Agreement or any of the Guaranteed Obligation agreed to from time to time by the Company and the Counterparty;

(D) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the Company or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets, the Guarantor or any other guarantor of any of the Guaranteed Obligation;

(E) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Company, the Counterparty or any other corporation or person, whether in connection herewith or in connection with any related or unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim if such claim, set off or other right arose in connection with the Guaranteed Obligation.

3. Term: Reinstatement in Certain Circumstances. This Guaranty shall remain in full force and effect until the date on which the Company is entitled by the Agreement to a release of its Security provided thereunder. Such termination shall not release Guarantor from liability for any Guaranteed Obligation arising prior to the effective date of such termination (even if the amount of such Guaranteed Obligation is not then fully determined). If at any time any payment of any of the Guaranteed Obligation is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy, or reorganization of the Company, the Guarantor's obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had not been made.

4. Waivers by the Guarantor. The Guarantor irrevocably waives acceptance hereof, diligence, presentment, demand, protest, notice of dishonor, notice of any sale of collateral and any notice not provided for herein, and any requirement that at any time any person exhaust any right to take any action against the Company or its assets or any other guarantor or person. Without limitation of the foregoing, Guarantor expressly waives and agrees to waive its rights under Chapter 43 of the Texas Civil Practice and Remedies Code and releases and agrees to release the Counterparty from its obligations thereunder.

5. Subrogation. Upon making any payment hereunder, the Guarantor shall be subrogated to the rights of the Counterparty against the Company with respect to such payment; provided that the Guarantor shall not enforce any right or receive any payment by way of subrogation until all of the Guaranteed Obligation then due shall have been paid in full and Counterparty agrees to take at Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

6. Stay of Acceleration Ineffective with Respect to Guarantor. In the event that acceleration of the time for payment of any amount payable by the Company under the Agreement is stayed upon the insolvency, bankruptcy or reorganization of the Company, all such amounts otherwise subject to acceleration or required to be paid upon an early termination

pursuant to the terms of the Agreement shall nonetheless be payable by the Guarantor hereunder forthwith on demand by the Counterparty.

7. Assignment: Successors and Assigns. Neither the Guarantor nor the Beneficiary may assign its rights or obligations under this Guaranty without the prior written consent of the other, which consent may not be unreasonably withheld or delayed, except that:

(i) the Guarantor may make such an assignment without such consent if (a) in conjunction with the assignment by the Company of all of its rights and obligations under the Agreement and the assignee's long-term senior unsecured debt has an investment grade rating by Standard and Poor's ("S&P") or Moody's Investor Services, Inc. ("Moody's"), or if the assignee does not have a long-term senior unsecured debt rating, then the rating assigned to such entity as its Corporate Credit Rating by S&P or Issuer Rating by Moody's shall be investment grade; (b) the Company ceases to be a person or entity controlled by, controlling or under common control with the Guarantor and the assignee's long-term senior unsecured debt has an investment grade rating by S&P or Moody's, or if the assignee does not have a long-term senior unsecured debt rating, then the rating assigned to such entity as its Corporate Credit Rating by S&P or Issuer Rating by Moody's shall be investment grade; provided that in regard to any assignment contemplated under this subsection 7(i), Guarantor must provide written notice of any assignment, Guarantor's obligations hereunder must be expressly assumed in writing, in a form reasonably acceptable to the Counterparty; and Counterparty reserves the right to evaluate the current financial condition of any assignee and must acknowledge and accept such assignee before any assignment can take effect; provided further that such assumption shall be deemed to release the Guarantor from all of its obligations arising after the effective date of such assignment under this Guaranty automatically and without further action by the Guarantor or the Counterparty, and

(ii) the Counterparty may make such an assignment without such consent if in conjunction with any assignment of the Agreement by the Counterparty permitted under the Agreement.

(iii) any purported assignment in violation of this Section 7, shall be void and without effect.

8. Amendments and Waivers. No provision of this Guaranty may be amended, supplemented, or modified, nor any of the terms and conditions hereof waived, except by a written instrument executed by the Guarantor and the Counterparty.

9. Remedies Cumulative. The rights, powers, remedies, and privileges provided in this Guaranty are cumulative and not exclusive of any rights, powers, remedies, and privileges provided by law and any other agreement.

10. Limitation. Notwithstanding anything in this Guaranty to the contrary, Guarantor's liability under this Guaranty and the Counterparty's right of recovery under the same shall be limited to an aggregate amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_). Guarantor's liability hereunder shall be and is specifically limited to payments expressly required to be made under the Agreement (even if such payments are deemed to be damages). In no event



shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, or any other damages, except to the extent specifically provided in the Agreement to be due from Company. In the event Counterparty engages in litigation to enforce this Guaranty, Guarantor agrees to pay, in addition to any amounts of Debtor, which Guarantor has otherwise guaranteed to pay hereunder, any and all costs and expenses incurred by Counterparty (including reasonable attorney's fees) in enforcing this Guaranty provided Counterparty is successful in such litigation.

11. Waiver of Jury Trial. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty

12. Representations and Warranties.

(A) The Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full corporate power to execute, deliver and perform this Guaranty.

(B) The execution, delivery, and performance of the Guaranty have been and remain duly authorized by all necessary corporate action and do not contravene any provision of law or of the Guarantor's constitutional documents or any contractual restriction binding on the Guarantor or its assets.

(C) All consents, authorizations and approvals of, and registrations, and declarations with, any governmental authority necessary for the due execution, delivery and performance of this Guaranty have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by and no notice to or filing with, any governmental authority is required in connection with the execution, delivery, or performance of this Guaranty.

(D) This Guaranty constitutes the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

13. Notices. All notices or communications to the other party may be faxed and shall be followed in writing by registered or certified mail, or overnight delivery service to:

**To Guarantor:**

Duke Energy Corporation  
Attn: Assistant Treasurer  
550 South Tryon Street  
Mail Code DEC40A  
Charlotte, NC 28201  
Fax: (980)373-4723

**To Counterparty:**

AEP Texas Central Company  
c/o American Electric Power Service Corporation  
Attn: Managing Director, Credit Risk Management  
155 West Nationwide Blvd, Suite 500  
Columbus, OH 43215  
Fax: (614) 324-4591

or such other address as each party shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail or (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on or before 4 pm local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by facsimile and received after 4 pm local time of recipient.

14. GOVERNING LAW AND JURISDICTION. THIS GUARANTY WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE.

15. Third Party Beneficiaries. This Guaranty shall not be construed to create any third party beneficiary relationship as to or with any person or entity other than the Counterparty.

16. Entire Agreement; Amendments. This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

17. Headings. The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed as of the date first above written.

( \_\_\_\_\_ )

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT "E-2"**

**FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT**

DATE OF ISSUANCE: \_\_\_\_\_

[Address]

RE: Credit No. \_\_\_\_\_

We hereby establish our Irrevocable Standby Letter of Credit in your favor for the account of \_\_\_\_\_ (the "Account Party"), for the aggregate amount not exceeding \_\_\_\_\_ United States Dollars (\$ \_\_\_\_\_), available to you for payment at sight upon demand at our counters at [Location] on or before the expiration hereof against presentation to us of the following document, dated and signed by a representative of the beneficiary:

"The Account Party has become obligated to pay to the Beneficiary or its assigns an amount equal to or exceeding [\$ \_\_\_\_\_] USD. Wherefore, the undersigned does hereby demand payment of such dollar amount."

Partial and multiple drawings are permitted hereunder.

We hereby agree with you that documents drawn under and in compliance with the terms of this Letter of Credit shall be duly honored upon presentation as specified.

This Letter of Credit shall be governed by the Uniform Customs and Practice for Documentary Credits, 2007 Revision, International Chamber of Commerce Publication No. 600 (the "UCP"), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 14(b) and 36 of the UCP, in which case the terms of this Letter of Credit shall govern. With respect to Article 14(b) of the UCP, the Issuing Bank shall have a reasonable amount of time, not to exceed three (3) banking days following the date of its receipt of documents from the Beneficiary, to examine the documents and determine whether to take up or refuse the documents and to inform the Beneficiary thereof accordingly.

In the event of an Act of God, riot, civil commotion, insurrection, war or any other cause beyond our control that interrupts our business (collectively, an "Interruption Event") and causes the place for presentation of this Letter of Credit to be closed for business on the last day for presentation, the expiry date of this Letter of Credit will be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.

It is a condition of this Letter of Credit that it will be automatically extended without amendment for one (1) year from the expiration date hereof, or any future expiration date, unless at least ninety (90) days prior to any expiration date we notify you at the above address by

registered mail or hand delivered courier that we elect not to consider this Letter of Credit renewed for any such period.

All commissions, expenses, and charges incurred with this Letter of Credit are for the account of the Account Party.

{Note: Must note the Expiry Date in the format}

[BANK SIGNATURE]