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## Large Filing Separator Sheet

Case Number: 99-1658-EL-ETP

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1    **Q.    Do you have an opinion as to whether CG&E's Certified**  
2            **Supplier Back-up Generation service and the charges for that**  
3            **service are reasonable?**

4    A.    Yes.

5    **Q.    What is your opinion?**

6    A.    In my opinion, CG&E's Certified Supplier Back-up Generation  
7            service and the charges for this service are reasonable. The reason  
8            for this Certified Supplier Back-up Generation service is to protect  
9            CG&E from adding large amounts of load with little or no advance  
10          notice. The safety, reliability and operational integrity risks would  
11          also be excessive due to adding such large amount of load without  
12          notice. In this situation, CG&E would likely be required to  
13          purchase power at hourly spot market prices. In this scenario,  
14          CG&E may only be required to serve the end-use customers for a  
15          day or two. This would greatly expose CG&E to the price volatility  
16          of the hourly spot market . In the case of the switching rules, this  
17          risk will be ameliorated by requiring returning end-use customers  
18          to remain on CG&E's service for a designated period of time. The  
19          switching rules allow CG&E to take advantage of seasonal  
20          normalization of price and weather conditions, such that the  
21          variation between year long prices and CG&E's annual cost to  
22          either produce or acquire power is not expected to be substantial.  
23          The risk cannot be mitigated in this fashion when CG&E performs

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1 Back-up Generation service for a Certified Supplier because the  
2 load may be gone within a day or two of when CG&E acquires it.  
3 Under these circumstances, CG&E concluded that it would be  
4 reasonable to establish the price for Certified Supplier Back-up  
5 Generation service in the manner that I have described.

6 **Q. Does this conclude your testimony?**

7 A. Yes.

CINERGY SERVICES, INC.

OPEN ACCESS  
TRANSMISSION TARIFF  
STANDARD TARIFF - \_\_

[ RED-LINED VERSION ]



I. COMMON SERVICE PROVISIONS

1 Definitions

1.1 **Ancillary Services:** Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

1.2 **Annual Bulk Transmission Costs:** The total annual cost of the Bulk Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider or modified by the Commission.

1.3 **Annual CG&E Common Transmission Costs:** The total annual cost of the CG&E Common Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment I until amended by the Transmission Provider or modified by the Commission.

1.4 **Annual PSI Common Transmission Costs:** The total annual cost of the PSI Common Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment J until amended by the Transmission Provider or modified by the Commission.

1.5 **Application:** A request by an Eligible Customer for

transmission service pursuant to the provisions of the Tariff.

- 1.6 **Bulk Transmission System:** Transmission facilities operated at or above 132 kilovolts nominal voltage, and interconnection facilities operated at or above 66 kilovolts nominal voltage.
- 1.7 **Bulk Transmission Load Ratio Share:** Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load on the Bulk Transmission System, excluding any loads of unaffiliated joint owners of transmission facilities, computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff and calculated on a rolling twelve month basis.
- 1.8 **CG&E:** The Cincinnati Gas & Electric Company, and its public utility subsidiaries.
- 1.9 **CG&E Common Load Ratio Share:** Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load on the CG&E Common Transmission System, computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff and calculated on a rolling twelve month basis.
- 1.10 **CG&E Common Transmission System:** The Common

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Transmission Facilities of CG&E.

**1.11 Commission:** The Federal Energy Regulatory Commission.

**1.12 Common Transmission Facilities:** Transmission facilities operated at or above 66 kilovolts nominal voltage but at less than 132 kilovolts. Common Transmission Facilities do not include interconnection facilities operated at or above 66 kilovolts nominal voltage.

**1.13 Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

**1.14 Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

- (1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
- (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
- (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
- (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

**1.15 Curtailment:** A reduction in firm or non-firm transmission service in response to a transmission capacity shortage as a result of system reliability conditions.

**1.16 Delivering Party:** The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

- 1.17 Designated Agent:** Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.
- 1.18 Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.
- 1.19 ECAR:** The East Central Area Reliability Council.
- 1.20 Eligible Customer:** (i) Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer

the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider. (ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.

**1.21 Facilities Study:** An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.

**1.22 Firm Point-To-Point Transmission Service:** Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

**1.23 Good Utility Practice:** 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.

**1.24 Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section 0.

**1.25 Load Shedding:** The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

**1.26 Long-Term Firm Point-To-Point Transmission Service:**

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

**1.27 Native Load Customers:** The wholesale and retail power customers of the Transmission Provider on whose behalf the Transmission Provider, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.

**1.28 Network Customer:** An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.

**1.29 Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.



**1.30 Network Load:** The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

**1.31 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

**1.32 Network Operating Committee:** A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations

required for implementation of Network Integration  
Transmission Service under Part III of this Tariff.

**1.33 Network Resource:** Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

**1.34 Network Upgrades:** Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

**1.35 Non-Firm Point-To-Point Transmission Service:** Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 0 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

**1.36 Open Access Same-Time Information System (OASIS):** The information system and standards of conduct contained

in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

**1.37 Part I:** Tariff Definitions and Common Service

Provisions contained in Sections 2 through 12.

**1.38 Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

**1.39 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

- 1.40 Parties:** The Transmission Provider and the Transmission Customer receiving service under the Tariff.
- 1.41 Point(s) of Delivery:** Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.42 Point(s) of Receipt:** Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.43 Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.
- 1.44 Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.
- 1.45 PSI:** PSI Energy, Inc.
- 1.46 PSI Common Load Ratio Share:** Ratio of a Transmission

Customer's Network Load to the Transmission Provider's total load on the PSI Common Transmission System, computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff and calculated on a rolling twelve month basis.

- 1.47 PSI Common Transmission System:** The Common Transmission Facilities of PSI.
- 1.48 Receiving Party:** The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.
- 1.49 Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the

Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

**1.50 Reserved Capacity:** The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

**1.51 Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

**1.52 Service Commencement Date:** The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 0 or Section 0 under the Tariff.

**1.53 Short-Term Firm Point-To-Point Transmission Service:**

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

**1.54 System Impact Study:** An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

**1.55 Third-Party Sale:** Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

**1.56 Transmission Customer:** Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

**1.57 Transmission Provider:** Cinergy Services, Inc. on behalf of CG&E and PSI.

**1.58 Transmission Provider's Monthly Bulk Transmission**

**System Peak:** The maximum firm usage of the  
Transmission Provider's Bulk Transmission System in a  
calendar month.

**1.59 Transmission Provider's Monthly CG&E Common Peak:** The  
maximum firm usage of the Transmission Provider's CG&E  
Common Transmission System in a calendar month.

**1.60 Transmission Provider's Monthly PSI Common Transmission**

**System Peak:** The maximum firm usage of the  
Transmission Provider's PSI Common Transmission System  
in a calendar month.



**1.61 Transmission Service:** Point-To-Point Transmission

Service provided under Part II of the Tariff on a firm and non-firm basis.

**1.62 Transmission System:** The Bulk and Common Transmission facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

**2 Initial Allocation and Renewal Procedures**

**2.1 Initial Allocation of Available Transmission**

**Capability:** For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 0.

**2.2 Reservation Priority For Existing Firm Service**

**Customers:** Existing firm service customers (wholesale requirements and transmission-only, with a contract term of one-year or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service. This transmission

reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of one-year or longer.

### **3 Ancillary Services**

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation Sources.

The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve - Supplemental. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates

that it has acquired the Ancillary Services from another source.

The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 0, 0, 0 and 0) from a third party or by self-supply when technically feasible.

The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission Provider in conjunction with its provision of transmission

service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system. Sections 3.1 through 3.6 below list the six Ancillary Services.

- 3.1 Scheduling, System Control and Dispatch Service:** The rates and/or methodology are described in Schedule 0.
- 3.2 Reactive Supply and Voltage Control from Generation Sources Service:** The rates and/or methodology are described in Schedule 0.
- 3.3 Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 0.
- 3.4 Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 0.
- 3.5 Operating Reserve - Spinning Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 0.
- 3.6 Operating Reserve - Supplemental Reserve Service:**

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Where applicable the rates and/or methodology are  
described in Schedule 0.

**4 Open Access Same-Time Information System (OASIS)**

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities). In the event available transmission capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 0 and 0.

**5 Local Furnishing Bonds**

**5.1 Transmission Providers That Own Facilities Financed by**

**Local Furnishing Bonds:** This provision is applicable only to Transmission Providers that have financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this Tariff, the Transmission Provider shall not be required to provide transmission service to any Eligible Customer pursuant to this Tariff if the provision of such transmission service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the Transmission Provider's facilities that would be used in providing such transmission service.

**5.2 Alternative Procedures for Requesting Transmission Service:**

- (i) If the Transmission Provider determines that the provision of transmission service requested by an Eligible Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such transmission service, it shall advise the Eligible Customer within thirty (30) days of receipt of the Completed Application.

(ii) If the Eligible Customer thereafter renews its request for the same transmission service referred to in (i) by tendering an application under Section 211 of the Federal Power Act, the Transmission Provider, within ten (10) days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act. The Commission, upon receipt of the Transmission Provider's waiver of its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act, shall issue an order under Section 211 of the Federal Power Act. Upon issuance of the order under Section 211 of the



Federal Power Act, the Transmission Provider shall be required to provide the requested transmission service in accordance with the terms and conditions of this Tariff.

**6 Reciprocity**

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to the Transmission Provider on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. A Transmission Customer that is a member of a power pool or Regional Transmission Group also agrees to provide comparable transmission service to the members of such power pool and Regional Transmission Group on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves

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the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

## **7 Billing and Payment**

**7.1 Billing Procedure:** Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the Transmission Provider, or by wire transfer to a bank named by the Transmission Provider.

**7.2 Interest on Unpaid Balances:** Interest on any unpaid amounts (including amounts placed in escrow) shall be

calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Transmission Provider.

- 7.3 Customer Default:** In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission

Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

**8 Accounting for the Transmission Provider's Use of the Tariff**

The Transmission Provider shall record the following amounts, as outlined below.

**8.1 Transmission Revenues:** Include in a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.

**8.2 Study Costs and Revenues:** Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Provider conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or

subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

**9 Regulatory Filings**

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of the Transmission Provider to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

**10 Force Majeure and Indemnification**

**10.1 Force Majeure:** An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other

cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Transmission Provider nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

**10.2 Indemnification:** The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, 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 the Transmission Provider's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider.

## **11 Creditworthiness**

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service

hereunder, the Transmission Provider may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, the Transmission Provider may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to the Transmission Provider and consistent with commercial practices established by the Uniform Commercial Code that protects the Transmission Provider against the risk of non-payment.

**12 Dispute Resolution Procedures**

**12.1 Internal Dispute Resolution Procedures:** Any dispute between a Transmission Customer and the Transmission Provider involving transmission service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon] by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

**12.2 External Arbitration Procedures:** Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who



shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

**12.3 Arbitration Decisions:** Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be

final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction.

The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

**12.4 Costs:** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- (A) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or
- (B) one half the cost of the single arbitrator jointly chosen by the Parties.

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**12.5 Rights Under The Federal Power Act:** Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

**II. POINT-TO-POINT TRANSMISSION SERVICE**

**Preamble**

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery.

**13 Nature of Firm Point-To-Point Transmission Service**

**13.1 Term:** The minimum term of Firm Point-To-Point

Transmission Service shall be one day and the maximum term shall be specified in the Service Agreement.

**13.2 Reservation Priority:** Long-Term Firm Point-To-Point

Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service. Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction. If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service.

Before the conditional reservation deadline, if available transmission capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term reservation before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff. Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 0.

### 13.3 Use of Firm Transmission Service by the Transmission

**Provider:** The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after May 13, 1997, or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 0, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

**13.4 Service Agreements:** The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment 0) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment 0) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

**13.5 Transmission Customer Obligations for Facility**

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**Additions or Redispatch Costs:** In cases where the Transmission Provider determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 0. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 0. To the extent the Transmission Provider can relieve any system constraint more economically by redispatching the Transmission Provider's resources than through constructing Network Upgrades, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 0. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

**13.6 Curtailment of Firm Transmission Service:** In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the



Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

**13.7 Classification of Firm Transmission Service:**

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 0 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 0.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.
- (c) The Transmission Provider shall provide firm

deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt.

Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission.

Each Point of Delivery at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm

Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity.

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The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedules 7, 8, and 9. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 0. The Transmission Provider shall specify the rate treatment and all related terms and conditions

applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery.

**13.8 Scheduling of Firm Point-To-Point Transmission Service:**

Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator,

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hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

**14 Nature of Non-Firm Point-To-Point Transmission Service**

**14.1 Term:** Non-Firm Point-To-Point Transmission Service

will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial

term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 0.

**14.2 Reservation Priority:** Non-Firm Point-To-Point

Transmission Service shall be available from transmission capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned to reservations with a longer duration of service. In the event the Transmission System is constrained, competing requests of equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours

(or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

**14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider:** The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after May 13, 1997, or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the

Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 0, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

**14.4 Service Agreements:** The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment 0) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

**14.5 Classification of Non-Firm Point-To-Point Transmission Service:** Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The



Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedules 10, 11 and 12.

#### **14.6 Scheduling of Non-Firm Point-To-Point Transmission**

**Service:** Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling

changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

**14.7 Curtailment or Interruption of Service:** The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when, an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for

economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than

designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

**15 Service Availability**

**15.1 General Conditions:** The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 0.

**15.2 Determination of Available Transmission Capability:**

A description of the Transmission Provider's specific methodology for assessing available transmission capability posted on the Transmission Provider's OASIS (Section 0) is contained in Attachment 0 of the Tariff.

In the event sufficient transmission capability may not exist to accommodate a service request, the Transmission Provider will respond by performing a System Impact Study.

**15.3 Initiating Service in the Absence of an Executed**

**Service Agreement:** If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Provider shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the Transmission Provider to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested Transmission Service. The Transmission Provider shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the Transmission Provider at whatever rate the Commission

ultimately determines to be just and reasonable, and  
(ii) comply with the terms and conditions of the Tariff  
including posting appropriate security deposits in  
accordance with the terms of Section 0.

**15.4 Obligation to Provide Transmission Service that**

**Requires Expansion or Modification of the Transmission**

**System:** If the Transmission Provider determines that  
it cannot accommodate a Completed Application for Firm  
Point-To-Point Transmission Service because of  
insufficient capability on its Transmission System, the  
Transmission Provider will use due diligence to expand  
or modify its Transmission System to provide the  
requested Firm Transmission Service, provided the  
Transmission Customer agrees to compensate the  
Transmission Provider for such costs pursuant to the  
terms of Section 0. The Transmission Provider will  
conform to Good Utility Practice in determining the  
need for new facilities and in the design and  
construction of such facilities. The obligation  
applies only to those facilities that the Transmission  
Provider has the right to expand or modify.

**15.5 Deferral of Service:** The Transmission Provider may  
defer providing service until it completes construction  
of new transmission facilities or upgrades needed to  
provide Firm Point-To-Point Transmission Service

whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

**15.6 Other Transmission Service Schedules:** Eligible

Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

**15.7 Real Power Losses:** Real Power Losses are associated

with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses.

The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are as follows:

<u>System</u>	<u>Demand</u>	<u>Energy</u>
Cinergy Bulk	3.2%	2.3%
CG&E Common	1.4%	1.0%
PSI Common	2.1%	1.2%

Any Direct Assignment Facilities real power loss factors would be calculated and added to the above values as appropriate.

**16 Transmission Customer Responsibilities**

**16.1 Conditions Required of Transmission Customers:** Point-

To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 0;
- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the



generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;

- d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation; and
- e. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 0.

**16.2 Transmission Customer Responsibility for Third-Party**

**Arrangements:** Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission

Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

**17 Procedures for Arranging Firm Point-To-Point Transmission Service**

**17.1 Application:** A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to: Attention: Manager, Transmission Planning, Cinergy Services, Inc., 139 E. Fourth Street, Cincinnati, OH 45202, at least sixty (60) days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 0. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by

telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

**17.2 Completed Application:** A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;

- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service; and
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement.

The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**17.3 Deposit:** A Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the Transmission Provider in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the Transmission Provider if the

Transmission Provider is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the Transmission Provider to the extent such costs have not already been recovered by the Transmission Provider from the Eligible Customer. The Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 0. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service.

Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the Transmission Provider's account.

**17.4 Notice of Deficient Application:** If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

**17.5 Response to a Completed Application:** Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transmission capability as required in Section 0. The Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a

study is needed to evaluate the impact of the Application pursuant to Section 0. Responses by the Transmission Provider must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.

**17.6 Execution of Service Agreement:** Whenever the Transmission Provider determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 0 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 0, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

**17.7 Extensions for Commencement of Service:** The

Transmission Customer can obtain up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

**18 Procedures for Arranging Non-Firm Point-To-Point Transmission Service**

**18.1 Application:** Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider.



Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

**18.2 Completed Application:** A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (vii) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice,

or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**18.3 Reservation of Non-Firm Point-To-Point Transmission**

**Service:** Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon the day before service is to commence. Requests for service received later than 2:00 p.m. prior to the day service is scheduled to commence will be accommodated if practicable.

**18.4 Determination of Available Transmission Capability:**

Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transmission capability pursuant to Section 0. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30)

minutes for hourly service, (ii) thirty (30) minutes  
for daily service, (iii) four (4) hours for weekly  
service, and (iv) two (2) days for monthly service.

**19 Additional Study Procedures For Firm Point-To-Point  
Transmission Service Requests**

**19.1 Notice of Need for System Impact Study:** After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment 0. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System

Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 0, shall be returned with interest.

**19.2 System Impact Study Agreement and Cost Reimbursement:**

- (i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be pro-rated among the

Eligible Customers.

- (iii) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 20.

**19.3 System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the

Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 0, or the Application shall be deemed terminated and withdrawn.

**19.4 Facilities Study Procedures:** If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the

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Facilities Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 0, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with



commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

**19.5 Facilities Study Modifications:** Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the Transmission Provider that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.

**19.6 Due Diligence in Completing New Facilities:** The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. The Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-

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Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

**19.7 Partial Interim Service:** If the Transmission Provider determines that it will not have adequate transmission capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

**19.8 Expedited Procedures for New Facilities:** In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the Transmission Provider to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate the

Transmission Provider for all costs incurred pursuant to the terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While the Transmission Provider agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Provider for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

**20 Procedures if The Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service**

**20.1 Delays in Construction of New Facilities:** If any event occurs that will materially affect the time for

completion of new facilities, or the ability to complete them, the Transmission Provider shall promptly notify the Transmission Customer. In such circumstances, the Transmission Provider shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Provider also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Provider that is reasonably needed by the Transmission Customer to evaluate any alternatives.

**20.2 Alternatives to the Original Facility Additions:** When the review process of Section 0 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request the Transmission Provider to submit a revised Service Agreement for Firm Point-To-Point Transmission

Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 0 or it may refer the dispute to the Commission for resolution.

**20.3 Refund Obligation for Unfinished Facility Additions:**

If the Transmission Provider and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest pursuant to Commission regulations 35.19a(a)(2)(iii). However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended.

**21 Provisions Relating to Transmission Construction and**

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Services on the Systems of Other Utilities

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**21.1 Responsibility for Third-Party System Additions:** The

Transmission Provider shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

**21.2 Coordination of Third-Party System Additions:** In

circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner.

The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 0 or it may refer the dispute to the Commission for resolution.

## **22 Changes in Service Specifications**

**22.1 Modifications On a Non-Firm Basis:** The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission Provider to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement ("Secondary Receipt and Delivery Points"), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

(a) Service provided over Secondary Receipt and



Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the Transmission Provider on behalf of its Native Load Customers.

- (b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

**22.2 Modification On a Firm Basis:** Any request by a

Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 0 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

**23 Sale or Assignment of Transmission Service**

**23.1 Procedures for Assignment or Transfer of Service:**

Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall not exceed the higher of (i) the original rate paid by the Reseller, (ii) the Transmission Provider's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at the Transmission

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Provider's cost of expansion. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. A Reseller should notify the Transmission Provider as soon as possible after any assignment or transfer of service occurs but in any event, notification must be provided prior to any provision of service to the Assignee. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 0.

**23.2 Limitations on Assignment or Transfer of Service:** If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Parties through an amendment to the Service Agreement.

**23.3 Information on Assignment or Transfer of Service:** In accordance with Section 0, Resellers may use the Transmission Provider's OASIS to post transmission capacity available for resale.

**24 Metering and Power Factor Correction at Receipt and Delivery Points(s)**

**24.1 Transmission Customer Obligations:** Unless otherwise

agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

**24.2 Transmission Provider Access to Metering Data:** The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

**24.3 Power Factor:** Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Provider pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

**25 Compensation for Transmission Service**

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedules 7, 8, and 9); and Non-Firm Point-To-Point Transmission Service (Schedules 10, 11 and 12). The Transmission Provider shall use Part II of the Tariff to make its Third-Party Sales. The Transmission Provider shall account for such use at the applicable Tariff rates,

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pursuant to Section 0.

**26 Stranded Cost Recovery**

The Transmission Provider may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Provider must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

**27 Compensation for New Facilities and Redispatch Costs**

Whenever a System Impact Study performed by the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by the Transmission Provider identifies capacity constraints that may be relieved more economically by redispatching the Transmission Provider's resources than by building new facilities or upgrading existing facilities to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

**III. NETWORK INTEGRATION TRANSMISSION SERVICE**

**Preamble**

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which the Transmission Provider utilizes its Transmission System to serve its Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff.

**28 Nature of Network Integration Transmission Service**

**28.1 Scope of Service:** Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the Transmission Provider's Control Area and any additional load that may be designated pursuant to Section 0 of the Tariff. The Network Customer taking

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Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 0.

**28.2 Transmission Provider Responsibilities:** The

Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by the Transmission Provider to calculate available transmission capability. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Provider's delivery of its own generating and purchased resources to its Native Load Customers.

**28.3 Network Integration Transmission Service:** The

Transmission Provider will provide firm transmission



service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to service its Network Loads on a basis that is comparable to the Transmission Provider's use of the Transmission System to reliably serve its Native Load Customers.

**28.4 Secondary Service:** The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.

**28.5 Real Power Losses:** Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses.

The Network Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are as follows:

<u>System</u>	<u>Demand</u>	<u>Energy</u>
Cinergy Bulk	3.2%	2.3%
CG&E Common	1.4%	1.0%

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PSI Common                      2.1%              1.2%

Any Direct Assignment Facilities real power loss factors would be calculated and added to the above values as appropriate.

**28.6 Restrictions on Use of Service:** The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System.

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**29 Initiating Service**

**29.1 Condition Precedent for Receiving Service:** Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 0 and 0, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment 0 for service under Part III of the Tariff or requests in writing that the Transmission Provider file a proposed unexecuted Service Agreement with the Commission, and (iv) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment 0.

**29.2 Application Procedures:** An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 0, Completed Applications for Network Integration Transmission Service will be

assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;

- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;
- (v) A description of Network Resources (current and 10-year projection), which shall include, for each Network Resource:
  - Unit size and amount of capacity from that unit to be designated as Network Resource
  - VAR capability (both leading and lagging) of all generators
  - Operating restrictions
    - Any periods of restricted operations throughout the year
    - Maintenance schedules
    - Minimum loading level of unit
    - Normal operating level of unit
    - Any must-run unit designations required for system reliability or contract reasons
  - Approximate variable generating cost (\$/MWH) for redispatch computations
  - Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource

- Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery point(s) to the Transmission Provider's Transmission System;
- (vi) Description of Eligible Customer's transmission system:
- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
  - Operating restrictions needed for reliability
  - Operating guides employed by system operators
  - Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
  - Location of Network Resources described in subsection (v) above
  - 10 year projection of system expansions or upgrades
  - Transmission System maps that include any proposed expansions or upgrades
  - Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and
- (vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgement must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider

shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**29.3 Technical Arrangements to be Completed Prior to****Commencement of Service: Network Integration**

Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the

Transmission System. The Transmission Provider shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

**29.4 Network Customer Facilities:** The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

**29.5 Filing of Service Agreement:** The Transmission Provider will file Service Agreements with the Commission in compliance with applicable Commission regulations.

**30 Network Resources**

**30.1 Designation of Network Resources:** Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not



include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

**30.2 Designation of New Network Resources:** The Network Customer may designate a new Network Resource by providing the Transmission Provider with as

much advance notice as practicable. A designation of a new Network Resource must be made by a request for modification of service pursuant to an Application under Section 0.

**30.3 Termination of Network Resources:** The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource at any time but should provide notification to the Transmission Provider as soon as reasonably practicable.

**30.4 Operation of Network Resources:** The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus non-firm sales delivered pursuant to Part II of the Tariff, plus losses. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System.

**30.5 Network Customer Redispatch Obligation:** As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider

pursuant to Section 0. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.

**30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission**

**Provider:** The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

**30.7 Limitation on Designation of Network Resources:** The

Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

**30.8 Use of Interface Capacity by the Network Customer:**

There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Bulk Load.

**30.9 Network Customer Owned Transmission Facilities:** The

Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into

the plans or operations of the Transmission Provider to serve its power and transmission customers. For facilities constructed by the Network Customer subsequent to the Service Commencement Date under Part III of the Tariff, the Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with the Transmission Provider. Calculation of the credit is shown in Attachment M.

**31 Designation of Network Load**

**31.1 Network Load:** The Network Customer must designate the individual Network Loads on whose behalf the Transmission Provider will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

**31.2 New Network Loads Connected With the Transmission**

**Provider:** The Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The Transmission Provider will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 0 and shall be charged to the Network Customer in accordance with Commission policies.

**31.3 Network Load Not Physically Interconnected with the**

**Transmission Provider:** This section applies to both initial designation pursuant to Section 0 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all

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purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

**31.4 New Interconnection Points:** To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the Transmission Provider's Transmission System and a Network Load, the Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable.

**31.5 Changes in Service Requests:** Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the Transmission Provider and charged to the Network Customer as reflected in the Service Agreement. However, the Transmission Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

**31.6 Annual Load and Resource Information Updates:** The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff. The Network Customer also shall provide the Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable



service.

**32 Additional Study Procedures For Network Integration**

**Transmission Service Requests**

**32.1 Notice of Need for System Impact Study:** After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment 0. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with

interest.

**32.2 System Impact Study Agreement and Cost Reimbursement:**

- (i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 0.

**32.3 System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of

the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

**32.4 Facilities Study Procedures:** If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the

Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study.

When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible

Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

### **33 Load Shedding and Curtailments**

**33.1 Procedures:** Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

**33.2 Transmission Constraints:** During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between the Transmission Provider's use of

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the Transmission System on behalf of its Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

**33.3 Cost Responsibility for Relieving Transmission**

**Constraints:** Whenever the Transmission Provider implements least-cost redispatch procedures in response to a transmission constraint on the Bulk or Common Transmission Systems, the Transmission Provider and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares of the constrained Transmission System.

**33.4 Curtailments of Scheduled Deliveries:** If a

transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Network Operating Agreement.

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**33.5 Allocation of Curtailments:** The Transmission Provider shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Provider and Network Customer in proportion to their respective Load Ratio Shares on the constrained Transmission System. The Transmission Provider shall not direct the Network Customer to Curtail schedules to an extent greater than the Transmission Provider would Curtail the Transmission Provider's schedules under similar circumstances.

**33.6 Load Shedding:** To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Provider and the Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.

**33.7 System Reliability:** Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service

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will be not unduly discriminatory relative to the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

**34 Rates and Charges**

The Network Customer shall pay the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, consistent with Commission policy, along with the following:

**34.1 Monthly Demand Charge:** The Network Customer shall pay a monthly Demand Charge, which shall be the sum of the charges determined by multiplying its Bulk, CG&E Common and PSI Common Load Ratio Shares times one twelfth (1/12) of the Transmission Provider's Annual Bulk, CG&E Common and PSI Common Transmission Revenue Requirements specified in Attachments H, I and J, respectively.

**34.2 Determination of Network Customer's Monthly Bulk, CG&E**

**Common and PSI Common Network Loads:** The Network Customer's monthly Bulk, CG&E Common and PSI Common Network Loads are its hourly loads on each of the three respective systems (including its designated Network Load not physically interconnected with the Transmission Provider under Section 0) coincident with the Transmission Provider's Monthly Bulk, CG&E Common and PSI Common Transmission System Peaks, respectively.

**34.3 Determination of Transmission Provider's Monthly Bulk, CG&E Common and PSI Common Transmission System Loads:**

The Transmission Provider's monthly Bulk, CG&E Common and PSI Common Transmission System loads are the Transmission Provider's Monthly Transmission System Peaks on the Bulk, CG&E Common and PSI Common Transmission Systems minus the coincident peak usage of all Firm Point-To-Point Transmission Service customers pursuant to Part II of this Tariff plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers on each respective system.

**34.4 Redispatch Charge:** The Network Customer shall pay a share of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 0 equal to its Load Ratio Share on the Transmission System that is constrained (i.e., Bulk,

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CG&E Common or PSI Common) times the redispatch cost.

To the extent that the Transmission Provider incurs an obligation to the Network Customer for redispatch costs in accordance with Section 0, such amounts shall be credited against the Network Customer's bill for the applicable month.

**34.5 Stranded Cost Recovery:** The Transmission Provider may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Provider must separately file any proposal to recover stranded costs under Section 205 of the Federal Power Act.

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**35 Operating Arrangements**

**35.1 Operation under The Network Operating Agreement:** The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

**35.2 Network Operating Agreement:** The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 0, voltage schedules, loss factors and other real time

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data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council (NERC) and ECAR, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and ECAR requirements. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment 0.

**35.3 Network Operating Committee:** A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties'

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respective responsibilities under the Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.



**SCHEDULE 1**

**Scheduling, System Control and Dispatch Service**

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

The Transmission Customer shall compensate the Transmission Provider at the charges set forth below:

Compensation

Scheduling, System Control and Dispatch Service:

Monthly: \$0.017 per KW times the

Transmission Customer's highest hourly load for the month (for Network Service) or the maximum KWs reserved during the month for which the Transmission Customer requires this service (for Point-to-Point Service).

Weekly: \$0.004 per KW times the Transmission Customer's maximum KWs reserved during the week for which the Transmission Customer requires this service (for Point-to-Point Service).

Daily: 0.066¢ per KW times the Transmission Customer's maximum KWs reserved during the day for which the Transmission Customer requires this service (for Point-to-Point Service).

Hourly: 0.004¢ per KW times the Transmission Customer's reservation during the hour for which the Transmission Customer requires this service (for Point-to-Point Service).

**SCHEDULE 2**

**Reactive Supply and Voltage Control from  
Generation Sources Service**

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities under the control of the control area operator are operated to produce (or absorb) reactive power.

Thus, Reactive Supply and Voltage Control from Generation Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for such service will be based on the rates set forth below. To the

extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Control Area operator.

The Transmission Customer shall compensate the Transmission Provider at the rates set forth below:

Compensation

Reactive Supply and Voltage Control from Generation Sources  
Service:

Monthly: \$0.216 per KW times the  
Transmission Customer's highest  
hourly load for the month (for  
Network Service) or the maximum KWs  
reserved during the month for which  
the Transmission Customer requires  
this service (for Point-to-Point  
Service).

Weekly: \$0.050 per KW times the Transmission Customer's  
maximum KWs reserved during the week for which the  
Transmission Customer requires this service (for  
Point-to-Point Service).

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Daily: \$0.008 per KW times the Transmission Customer's maximum KWs reserved during the day for which the Transmission Customer requires this service (for Point-to-Point Service).

Hourly: \$0.035 per KW times the Transmission Customer's KW reservation during the hour for which the Transmission Customer requires this service (for Point-to-Point Service).

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**SCHEDULE 3****Regulation and Frequency Response Service**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

The Transmission Provider reserves the right to file, at any |

time, separate rate(s) for nonconforming loads under Section 205 of the Federal Power Act. Any such separate rates shall be specified in a Transmission Customer's service agreement.

**Description of Services**

ECAR guidelines require that each control area provide a minimum of one percent (1%) of its projected daily peak load to meet its load and frequency reserve requirement.

**Compensation**

Regulation and Frequency Response Service:

Monthly: \$6,638 per MW times the  
Transmission Customer's highest  
hourly load for the month (for  
Network Service) or the maximum MWs  
reserved during the month for which  
the Transmission Customer requires  
this service (for Point-to-Point  
Service) times 1%.

Weekly: \$1,532 per MW times the Transmission Customer's  
maximum MWs reserved during the week for which the  
Transmission Customer requires this service (for  
Point-to-Point Service) times 1%.

Daily: \$255 per MW times the Transmission Customer's  
maximum MWs reserved during the day for which the  
Transmission Customer requires this service (for  
Point-to-Point Service) times 1%.

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Hourly: \$11 per MW times the Transmission Customer's MW  
reservation during the hour for which the  
Transmission Customer requires this service (for  
Point-to-Point Service) times 1%.

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**SCHEDULE 4****Energy Imbalance Service**

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The amount of energy imbalance shall be calculated separately for each hour, and the settlement will occur on a cash basis for each hour's imbalances.

~~—The Transmission Provider shall establish a deviation band of +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s). Parties should attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days or within such other reasonable period of time as is generally accepted in the region and consistently adhered to by~~

~~the Transmission Provider. If an energy imbalance is not corrected within thirty (30) days or a reasonable period of time that is generally accepted in the region and consistently adhered to by the Transmission Provider, the Transmission Customer will compensate the Transmission Provider for such service. Energy imbalances outside the deviation band will be subject to charges to be specified by the Transmission Provider. The charges for Energy Imbalance Service are set forth below.~~

~~— Compensation~~

~~— (a) Where the daily sum of the positive hourly unscheduled energy deliveries from the Transmission Provider to the Transmission Customer is less than 3% of the total energy delivered for the Transmission Customer during the day:~~

~~— Energy:~~

~~— (i) For Unscheduled Energy Deliveries from the Transmission Provider to the Transmission Customer, the Transmission Customer will pay the Transmission Provider 100% of the Transmission Provider's Out-of-Pocket Costs plus an adder of up to 10% of the Transmission Provider's hourly Out-of-Pocket Costs; the adder shall be capped at \$1.00/MWh (for difficult to quantify energy related costs) only when the transaction involves purchased power.~~

- ~~———— (ii) For Unscheduled Energy Deliveries from the Transmission Customer to the Transmission Provider, the Transmission Provider will pay the Transmission Customer 90% of the Transmission Provider's avoided Out-of-Pocket Costs.~~
- ~~———— (b) Where the daily sum of positive hourly unscheduled energy deliveries from the Transmission Provider to the Transmission Customer exceeds 3% of the total energy delivered for the Transmission Customer during the day:~~
- ~~———— Energy:~~
- ~~———— (i) For Unscheduled Energy Deliveries from the Transmission Provider to the Transmission Customer, the Transmission Customer will pay the Transmission Provider 100% of the Transmission Provider's Out-of-Pocket Costs (capped at average energy costs of the Zimmer unit) plus an adder of up to 10% of the Transmission Provider's hourly Out-of-Pocket Costs; the adder shall be capped at \$1.00/MWh (for difficult to quantify energy related costs) only when the transaction involves purchased power.~~
- ~~———— (ii) For Unscheduled Energy Deliveries from the Transmission Customer to the Transmission Provider, the Transmission Provider will pay the Transmission Customer 90% of the Transmission Provider's avoided Out-of-Pocket Costs.~~
- ~~———— Out-of-Pocket Costs are any costs that are directly~~

~~incurred by the Transmission Provider for the generation of energy and which otherwise would not have been incurred by the Transmission Provider including, but not limited to, fuel, labor, operation, maintenance, start-up, fuel handling, taxes, regulatory commission charges and emission allowances. The Out-of-Pocket Cost of emission allowances shall be determined pursuant to Attachment L.~~

~~Demand:~~

~~The Transmission Customer will pay a daily demand charge equal to the highest hourly delivery of unscheduled energy times \$975 per MW. The total power of all of the Transmission Provider's sales under this and other agreements, for which the demand charge is determined based on the Zimmer unit is limited to 605 MW on an hourly basis. To the extent such sales exceed 605 MW, the rate shall be \$336 per MW.~~

~~(c) Where the average unscheduled energy delivery from the Transmission Provider to the Transmission Customer in any two consecutive hours exceeds 20% of the maximum hourly Transmission Customer load, the Transmission Customer shall pay the greater of (i) the charge determined pursuant to Section 4(b) above or (ii) \$100/MWH for all such energy.~~

Out-of-Pocket Cost ("OPC") is the actual cost incurred by the transmission provider from whatever source, whether that be from generation or purchases of energy or from inter-Control Area charges and shall include but not be limited to all operating.

maintenance, taxes on gross receipts, transmission losses, the cost of sulfur dioxide emission allowances and any other expense incurred by the Transmission Provider which would not have been incurred but for the Transmission Provider supplying such energy. The charges for Energy Imbalance Service are set forth below.

1. Undersupply by the Transmission Customer

(a) Zero to One and one half Percent Deviation

When the Transmission Customer's scheduled delivery of energy for any hour is less than the Transmission Customer's actual delivery of energy by an amount less than or equal to 2MW or 1.5% of the total energy scheduled to be delivered during that hour, the Transmission Provider will charge Transmission Customer for energy required to cover such undersupply at a per megawatt-hour rate of 100% of the Transmission Provider's hourly incremental OPC.

(b) One and one half to Ten Percent Deviation

When the Transmission Customer's scheduled delivery of energy for any hour is less than the Transmission Customer's actual delivery of energy by an amount greater than 1.5% but less than or equal to 10% of the total energy scheduled to be delivered during that hour, the Transmission Provider will charge Transmission Customer for energy required to cover such undersupply at a per megawatt-hour rate of the greater of \$100/MWH or 110% of the Transmission Provider's hourly incremental OPC.

(c) Above Ten Percent Deviation

When the Transmission Customer's scheduled delivery of energy for any hour is less than the Transmission Customer's actual delivery of energy by an amount greater than 10% of the total energy scheduled to be delivered during that hour, the Transmission Provider will charge Transmission Customer for energy required to cover such undersupply at a per megawatt-hour rate of the greater of \$100/MWH or 120% of the Transmission Provider's hourly incremental OPC.

2. Oversupply by the Transmission Customer

(a) Zero to One and one half Percent Deviation

When the Transmission Customer's scheduled delivery of energy for any hour is greater than the Transmission Customer's actual delivery of energy by an amount less than or equal to 2MW or 1.5% of the total energy scheduled to be delivered during that hour, the Transmission Provider will purchase such oversupply at a per megawatt-hour rate of 100% of the Transmission Provider's hourly decremental OPC except that, in the event that the oversupply condition causes an increase in the Transmission Provider's hourly OPC, the Transmission Provider will charge the Transmission Customer at a rate of 100% of the increased costs incurred by the Transmission Provider as a result of such oversupply.

(b) One and one half to Ten Percent Deviation

When the Transmission Customer's scheduled delivery of energy for any hour is greater than the Transmission Customer's actual delivery of energy by an amount greater than 1.5%, but less than or equal to 10% of the total energy scheduled to be delivered during that hour, the Transmission Provider will purchase such oversupply at a per megawatt-hour rate of 90% of the Transmission Provider's hourly decremental OPC except that, in the event that the oversupply condition causes an increase in the Transmission Provider's hourly OPC, the Transmission Provider will charge the Transmission Customer at a rate of 110% of the increased costs incurred by the Transmission Provider as a result of such oversupply.

(c) Above Ten Percent Deviation

When the Transmission Customer's scheduled delivery of energy for any hour is greater than the Transmission Customer's actual delivery of energy by an amount greater than 10% of the total energy scheduled to be delivered during that hour, the Transmission Provider will purchase such oversupply at a per megawatt-hour rate of 80% of the Transmission Provider's hourly decremental OPC except that, in the event that the oversupply condition causes an increase in the Transmission Provider's hourly OPC, the Transmission Provider will charge the Transmission Customer at a rate of 120% of the increased costs incurred by the Transmission Provider as a result of such oversupply.

**SCHEDULE 5**

**Operating Reserve - Spinning Reserve Service**

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

ECAR guidelines require that each control area provide daily spinning reserves of one and one-half percent (1.5%) of its projected daily peak load.

The Transmission Customer shall compensate the Transmission Provider at the charges set forth below:



Compensation

Operating Reserve - Spinning Reserve Service:

Monthly: \$6,638 per MW times the  
Transmission Customer's highest  
hourly load for the month (for  
Network Service) or the maximum MWs  
reserved during the month for which  
the Transmission Customer requires  
this service (for Point-to-Point  
Service) times 1.5%.

Weekly: \$1,532 per MW times the Transmission Customer's  
maximum MWs reserved during the week for which the  
Transmission Customer requires this service (for  
Point-to-Point Service) times 1.5%.

Daily: \$255 per MW times the Transmission Customer's  
maximum MWs reserved during the day for which the  
Transmission Customer requires this service (for  
Point-to-Point Service) times 1.5%.

Hourly: \$11 per MW times the Transmission Customer's MW  
reservation during the hour for which the  
Transmission Customer requires this service (for  
Point-to-Point Service) times 1.5%.

**SCHEDULE 6****Operating Reserve - Supplemental Reserve Service**

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time.

Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

**Description of Service**

ECAR guidelines require that each control area provide daily supplemental operating reserves one and one-half (1.5%) of its projected load to provide protection against an unexpected loss of generation. This daily supplemental operating reserve must be available and able to be fully utilized within ten (10) minutes or

less. Transmission Customers may make their own arrangements to meet this reserve requirement or the Company will provide the Supplemental Operating Reserve Service, when requested by the Transmission Customer applicable to the Transmission Customer for the Bulk Transmission System (Schedules 7 and 10) and Common Transmission System(s) (Schedules 8, 9, 11 and 12).

**Compensation**

Operating Reserve - Supplemental Operating Reserve Service:

Monthly: \$6,261 per MW times the Transmission Customer's highest hourly load for the month (for Network Service) or the maximum MWs reserved during the month for which the Transmission Customer requests this service (for Point-to-Point Service) times 1.5%.

Weekly: \$1,445 per MW for the maximum MWs reserved during the week for which the Transmission Customer requests supplemental operating reserves times 1.5%.

Daily: \$241 per MW for the maximum MWs reserved during the day for which the Transmission Customer requests supplemental operating reserves times 1.5%.

Hourly: \$10 per MW for the MW reservation during the hour for which the Transmission Customer requests supplemental operating reserves times 1.5%.

**SCHEDULE 7**

**Long-Term Firm and Short-Term Firm Point-To-Point  
Transmission Service on the Bulk Transmission System**

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity on the Bulk Transmission System at the sum of the applicable charges set forth below:

- 1) **Yearly delivery:** one-twelfth of the demand charge of \$10.005/KW of Reserved Capacity per year.
- 2) **Monthly delivery:** \$0.934/KW of Reserved Capacity per month for the months of January, February, June, July, August and December,  
\$0.734/KW of Reserved Capacity per month for the months of March, April, May, September, October and November.
- 3) **Weekly delivery:** \$0.192/KW of Reserved Capacity per week.
- 4) **Daily delivery:** \$0.032/KW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

- 5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount

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made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Bulk Transmission System.

**SCHEDULE 8**

**Long-Term Firm and Short-Term Firm Point-To-Point  
Transmission Service on the CG&E Common Transmission System**

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity on the CG&E Common Transmission System at the sum of the applicable charges set forth below:

- 1) **Yearly delivery:** one-twelfth of the demand charge of \$7.836/KW of Reserved Capacity per year.
- 2) **Monthly delivery:** \$0.653/KW of Reserved Capacity per month.
- 3) **Weekly delivery:** \$0.151/KW of Reserved Capacity per week.
- 4) **Daily delivery:** \$0.025/KW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

- 5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur

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Cinergy Services, Inc.

Open Access Transmission Tariff  
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solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the CG&E Common Transmission System.

**SCHEDULE 9**

**Long-Term Firm and Short-Term Firm Point-To-Point  
Transmission Service on the PSI Common Transmission System**

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity on the PSI Common Transmission System at the sum of the applicable charges set forth below:

- 1) **Yearly delivery:** one-twelfth of the demand charge of \$8.724/KW of Reserved Capacity per year.
- 2) **Monthly delivery:** \$0.727/KW of Reserved Capacity per month.
- 3) **Weekly delivery:** \$0.168/KW of Reserved Capacity per week.
- 4) **Daily delivery:** \$0.028/KW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

- 5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur



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solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the PSI Common Transmission System.

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**SCHEDULE 10**

**Non-Firm Point-To-Point Transmission Service on  
the Bulk Transmission System**

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service on the Bulk Transmission System up to the sum of the applicable charges set forth below:

- 1) **Monthly delivery:** \$0.834/KW of Reserved Capacity per month.
- 2) **Weekly delivery:** \$0.192/KW of Reserved Capacity per week.
- 3) **Daily delivery:** \$0.032/KW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

- 4) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed \$2.71/MWH for peak hours and \$2.01/MWH for off-peak hours. The average rate charged by the Company in the preceding 12 months for hourly Non-Firm Service during peak hours shall not exceed \$2.01/MWH of service requested. Peak hours shall be the hours of 7:00 a.m. through 11:00 p.m. Eastern Standard Time, Monday through Saturday. The total demand charge

in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

5)**Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Bulk Transmission System.

**SCHEDULE 11**

**Non-Firm Point-To-Point Transmission Service on  
the CG&E Common Transmission System**

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service on the CG&E Common Transmission System up to the sum of the applicable charges set forth below:

- 1) **Monthly delivery:** \$0.653/KW of Reserved Capacity per month.
- 2) **Weekly delivery:** \$0.151/KW of Reserved Capacity per week.
- 3) **Daily delivery:** \$0.025/KW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

- 4) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed \$1.57/MWH.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a

reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

5)**Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the CG&E Common Transmission System.

**SCHEDULE 12**

**Non-Firm Point-To-Point Transmission Service on  
the PSI Common Transmission System**

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service on the PSI Common Transmission System up to the sum of the applicable charges set forth below:

- 1) **Monthly delivery:** \$0.727/KW of Reserved Capacity per month.
- 2) **Weekly delivery:** \$0.168/KW of Reserved Capacity per week.
- 3) **Daily delivery:** \$0.028/KW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

- 4) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed \$1.75/MWH.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a

reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the PSI Common Transmission System.

ATTACHMENT A

Form Of Service Agreement For  
Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_ (the Transmission Provider), and \_\_\_\_\_ ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 0 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.



Cinergy Services, Inc.

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- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

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

Transmission Customer:

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

Cinergy Services, Inc.

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Specifications For Long-Term Firm Point-To-Point  
Transmission Service

- 1.0 Term of Transaction: \_\_\_\_\_  
Start Date: \_\_\_\_\_  
Termination Date: \_\_\_\_\_
- 2.0 Description of capacity and energy to be transmitted by  
Transmission Provider including the electric Control Area in  
which the transaction originates.  
\_\_\_\_\_
- 3.0 Point(s) of Receipt: \_\_\_\_\_  
Delivering Party: \_\_\_\_\_
- 4.0 Point(s) of Delivery: \_\_\_\_\_  
Receiving Party: \_\_\_\_\_
- 5.0 Maximum amount of capacity and energy to be transmitted  
(Reserved Capacity): \_\_\_\_\_
- 6.0 Designation of party(ies) subject to reciprocal service  
obligation: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- 7.0 Name(s) of any Intervening Systems providing transmission  
service: \_\_\_\_\_  
\_\_\_\_\_

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge: \_\_\_\_\_  
\_\_\_\_\_

8.2 System Impact and/or Facilities Study Charge(s):  
\_\_\_\_\_  
\_\_\_\_\_

8.3 Direct Assignment Facilities Charge: \_\_\_\_\_  
\_\_\_\_\_

8.4 Ancillary Services Charges: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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Cinergy Services, Inc.

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**ATTACHMENT B**

**Form Of Service Agreement For Non-Firm Point-To-Point  
Transmission Service**

- 1.0 This Service Agreement, dated as of \_\_\_\_\_,  
is entered into, by and between \_\_\_\_\_ (the  
Transmission Provider), and \_\_\_\_\_ (Transmission  
Customer).
  - 2.0 The Transmission Customer has been determined by the  
Transmission Provider to be a Transmission Customer under  
Part II of the Tariff and has filed a Completed  
Application for Non-Firm Point-To-Point Transmission  
Service in accordance with Section 0 of the Tariff.
  - 3.0 Service under this Agreement shall be provided by the  
Transmission Provider upon request by an authorized  
representative of the Transmission Customer.
  - 4.0 The Transmission Customer agrees to supply information  
the Transmission Provider deems reasonably necessary in  
accordance with Good Utility Practice in order for it to  
provide the requested service.
  - 5.0 The Transmission Provider agrees to provide and the  
Transmission Customer agrees to take and pay for Non-Firm  
Point-To-Point Transmission Service in accordance with  
the provisions of Part II of the Tariff and this Service  
Agreement.
  - 6.0 Any notice or request made to or by either Party  
regarding this Service Agreement shall be made to the  
representative of the other Party as indicated below.
-

Cinergy Services, Inc.

Open Access Transmission Tariff  
First Revised Sheet No. 164

Transmission Provider:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7.0 The Tariff is incorporated herein and made a part  
hereof.

IN WITNESS WHEREOF, the Parties have caused this Service  
Agreement to be executed by their respective authorized  
officials.

Transmission Provider:

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

Transmission Customer:

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

**ATTACHMENT C**

**Methodology To Assess Available Transmission  
Capability**

Cinergy will respond to a firm point to point transmission service request by performing studies to determine if sufficient transmission capacity is available to accommodate the request. These studies will consist of an evaluation of the thermal interconnection capability, the calculation of system transfer capability, and an analysis of the configuration of the interconnected system. The transfer capacity available will be the remaining capacity after accounting for the Transmission Provider's reliability requirements to serve its Native Load Customers, the rights of joint owners of the Transmission System under joint transmission ownership agreements, and prior contractual commitments including any integration service contract(s) previously filed. The study will analyze the impact of the proposed transmission request on the thermal capability and voltage profile of the transmission system, considering the reliability requirements and commitments discussed.

Cinergy will adhere to Good Utility Practice, NERC Guidelines, and ECAR procedures and criteria

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when conducting the studies. In addition, Cinergy will have its own criteria, which will be designed to minimize customer outages and prevent equipment damage during probable contingencies. The transfer capabilities will be computed based on applicable NERC Guides.

The Transmission Provider will also adhere to the ECAR procedures that guide the calculation of transfer capacities that may be found in the most recent ECAR Assessment of Transmission System Performance.

The system performance will be evaluated by the Transmission Provider utilizing ECAR power flow models. These models are developed by ECAR member systems and include firm transfers in the base case.

The transfer capacity computed will be incremental to the base case values. Normally, Cinergy will utilize ECAR models that have been modified to provide a more detailed representation of the Cinergy system. The Transmission Provider will make these modified cases available upon request.

ECAR prepares load flow models that represent system conditions up to 10 years in the future. The actual series of models developed during any particular year are determined by mutual agreement.

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Cinergy will select the power flow models that most closely align with the commencement date and the period of the requested Transmission Service to analyze the impact of the proposed transmission usage.



The Transmission Provider will use commercially available power system analysis software packages to conduct the studies. The Transmission Provider will use at a minimum, the line outage lists used by ECAR for operating studies for the upcoming seasonal peaks. Transfer capabilities calculated utilizing a linear load flow analysis package will be verified with AC analysis studies to determine if any voltage problems occur or lines overload due to reactive power flows. The transfer capability studies may also be supplemented with dynamic studies if the system appears to be approaching a stability constraint.

The Transmission Provider will compute the First Contingency Incremental Transfer Capability (FCITC) from the delivering party to the receiving party. This will be used to determine the maximum amount of power that may be transferred (incremental to the transfer modeled in the base case) with the most critical transmission line out of service and transmission line loadings and voltages within their respective emergency ratings prior to operator directed system adjustments. If operating procedures exist that will increase the transfer capability, the transfer capability will be computed

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assuming that the procedure is in effect. However, if the constraint or the operating procedure is in another control area, the purchaser of the transmission service and the Transmission Provider will need to contact the other control area to determine the general availability of the procedure and to help evaluate the constraint.

The methodology used to calculate the transfer capability calculation will depend on the service requested. The methodology utilized is:

A.    Purchase from a specified unit(s)

For this case the FCITC will be determined by increasing the power from the specific unit designated by the purchaser as its power supply and either 1) increasing the receiving area load or 2) decreasing the receiving area generation. The selection of 1) or 2) will depend on the transaction being evaluated.

B.    Purchase from a Control Area

In this case the FCITC will be calculated by increasing generation based on the projected operation of the systems when considering the transfer and either increasing receiving area load or decreasing receiving area generation.

C.    Sales

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FCITC modeling power sales will be calculated similarly to the purchases above.

If the studies determine that a constraint occurs in another control area not participating in the transaction, the Transmission Provider and the purchaser of the transmission service will need to work with the appropriate parties to determine if the limitation is valid and what facility additions may be required to support the transfer. The purchaser has the option to reduce the request to a level that alleviates the constraint.

Studies will be conducted utilizing several different base cases. The first case will be the normal base case which is the ECAR base case with appropriate detail added. The second case will be a reliability import base case, in which different base load generators are reduced to zero MW and imports are scheduled into the Cinergy Control Area to make up for the outaged generation. The outaged generation will be replaced by modeling imports from surrounding control areas based on their ability to supply the power. The FCITC values calculated from the reliability import case allow for the outage of various generating resources.

The transfer capacity that will be considered to

be available is the lowest of: (1) the lowest value from the FCITC calculation, (2) the reliability import case, (3) the thermal limits of the facilities that form the interface between Cinergy and either party, less any amount for existing transactions. In any case, the outage of direct interconnects will result in the loss of the ability to transfer power.

The Transmission Provider may also perform simulations for off-peak conditions if study is required to determine limitations.

Cinergy will perform all studies related to Transmission Service requests as it performs transmission studies for its own use of the system.

However, as a practical matter, it must be noted that planning studies must gauge the performance of the system based on a limited number of simulations.

In actual daily operation of the system the limits as determined in the transfer capability study may vary due to system conditions.

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**ATTACHMENT D**

**Methodology for Completing a System Impact Study**

This Methodology is included within the  
description in Attachment C.

ATTACHMENT E

Index Of Point-To-Point Transmission Service  
Customers

of	Customer	Date
	<u>Service Agreement</u>	
	AIG Tradiang Corporation	
	9/15/96	
	American Electric Power Service Corporation	
	3/01/97	
	American Energy Solutions, Inc.	
	3/01/97	
	AYP Energy, Inc.	
	10/01/96	
	Carolina Power & Light	
	3/15/97	
	Central Illinois Public Service	
	3/01/97	
	Cinergy Services, Inc.	
	Pending	
	Citizens Lehman Power Sales	
	10/15/96	
	Cleveland Electric Illuminating Co.	
	12/15/96	
	CMS Marketing, Services and Trading Company	
	3/15/97	
	Consumers Power Co./The Detroit Edison Co.	
	1/20/97	
	Coral Power, L.L.C.	
	9/01/96	
	Delmarva Power and Light Company	
	Pending	
	Detroit Edison Company	
	5/21/97	
	El Paso Energy Marketing Company	
	9/15/96	
	Engelhard Power Marketing, Inc.	
	12/01/96	
	Equitable Power Service Company	
	2/01/97	
	Florida Power and Light Company	
	10/15/96	
	Hamilton (City of)	
	11/01/96	
	Illinovia Power Marketing, Inc.	

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1/09/97  
Indiana Municipal Power Agency  
1/16/97  
JPower Inc.  
12/15/96  
LG&E Power Marketing, Inc.  
Pending  
MidCon Power Services Corporation  
Pending  
Minnesota Power & Light Company  
10/15/96  
Morgan Stanley Capital Group, Inc.  
9/15/96  
NIPSCO Energy Services, Inc.  
12/15/96  
New York State Electric and Gas  
Pending  
Niagara Mohawk Power Corporation  
12/15/96  
Ohio Edison Company/Pennsylvania Power Company  
Pending  
PacifiCorp Power Marketing, Inc.  
8/15/96  
PanEnergy Power Services, Inc.  
8/15/96  
PECO Energy Company  
9/06/96  
Pennsylvania Power & Light Company  
1/22/97  
Phibro Inc.  
10/15/96  
Plum Street Energy Marketing, Inc.  
12/16/96  
Power Company (The)  
12/01/96  
Powertec International L.L.P.  
12/01/96  
Public Service Electric and Gas Company  
9/12/96

of

Date

Customer

Service Agreement

SCANA Energy Marketing, Inc.  
9/09/96  
Sonat Power Marketing L.P.  
10/01/96  
Southern Company Services, Inc.

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Pending  
Southern Energy Marketing, Inc.  
11/01/96  
Southern Energy Trading and Marketing, Inc.  
Pending  
Southern Indiana Gas & Electric Company  
5/01/97  
Toledo Edison Company  
12/15/96  
Union Electric Company  
1/01/97  
Western Resources  
3/01/97  
Williams Energy Services Company  
12/01/96  
Wisconsin Electric Power Company  
12/15/96  
WPS Energy, Inc.  
3/01/97

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ATTACHMENT F

Service Agreement For  
Network Integration Transmission Service

FORM OF

SERVICE AGREEMENT

FOR NETWORK INTEGRATION SERVICE

STANDARD TARIFF-\_\_

BETWEEN

CUSTOMER

AND

CINERGY SERVICES, INC.

DATED: \_\_\_\_\_

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Under the  
Cinergy Services, Inc.  
FERC Electric Tariff  
Original Volume No. \_\_\_\_  
Service Agreement No. \_\_\_\_  
SERVICE AGREEMENT

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BETWEEN

NETWORK CUSTOMER

AND

CINERGY SERVICES, INC.

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**THIS SERVICE AGREEMENT**, made and entered into this \_\_\_\_ day of \_\_\_\_\_, 19\_\_, by and between Network Customer (hereinafter referred to as "Customer"), a (description of Network Customer), and Cinergy Services, Inc. (hereinafter referred to as "Transmission Provider"), a Delaware corporation. Network Customer and Cinergy may be hereinafter referred to individually as "Party" and collectively as "Parties" where appropriate.

**W I T N E S S E T H :**

**WHEREAS**, Network Customer is a (legal/corporate description of Network Customer);

**WHEREAS**, Transmission Provider is a company organized and existing under the laws of the State of Delaware to serve as the service company for the operating companies of the Cinergy Systems, which own and operate facilities for the generation, transmission and distribution of electric power and energy to retail and wholesale customers; and

**WHEREAS**, Customer and Transmission Provider desire to establish terms and conditions of Network Integration Service upon which utility operations may be conducted under Cinergy's FERC Electric Tariff, Original Volume No. \_\_\_\_-Open Access Transmission Tariff, Standard Tariff-\_\_;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, the Parties hereto covenant and agree as follows:

**ARTICLE I**

**SCOPE OF SERVICE AGREEMENT**

**1.1 Availability** - Transmission Provider agrees to furnish Network Integration Service to the Customer, and the Customer agrees to purchase and pay for such service.

**1.2 Rate Schedule** - The terms and conditions on which the Network Integration Service is offered and accepted are pursuant to Cinergy's FERC Electric Tariff, Original Volume No. \_\_\_\_ -Open Access Transmission Tariff or as the same may be amended or superseded due to appropriate filings from time to time with the Federal Energy Regulatory Commission or such other agency as may have jurisdiction. The Open Access Transmission Tariff as in effect at any time is hereby incorporated by this reference and made a part of this Service Agreement.

**1.3 Application** - The Application for Network Integration Service requested by the Customer and accepted by Cinergy for this Service Agreement is hereby incorporated by this reference and made a part of this Service Agreement as Exhibit "A".

**1.4 Study Agreement/Facilities Study** - When an Application for Network Integration Service is received, the Transmission Provider will conduct a System Impact Study to determine if system modifications are required. If the System Impact Study indicates that modifications are required, then a Study Agreement shall be prepared pursuant to which the Customer will compensate the Transmission Provider for the costs incurred by the Transmission Provider to prepare a Facilities Study. If a Study Agreement and Facilities Study have been completed for this Service Agreement, then said studies are hereby incorporated by this reference and made a part of this Service Agreement as Exhibits "B" and "C" respectively.

**1.5 Service Specifications** - The Service Specifications for Network Integration Service under this Service Agreement as requested by the Customer and accepted by the Transmission Provider are hereby incorporated by this reference and made a part of this Service Agreement as Exhibit "D".

**ARTICLE II**

**SCHEDULING**

**2.1 Scheduling** - The Customer shall provide the Transmission Provider with a schedule of hourly deliveries at the Transmission Provider's system interfaces for the following day between 12:01 a.m. and midnight. The schedule shall be provided by 12:00 noon on the day before the schedule is to be in effect; provided that schedules for Sundays, Mondays and Holidays should be delivered by 12:00 noon on Friday or the business day immediately preceding the holiday.

**ARTICLE III**

**METERING AND DATA ACQUISITION**

**3.1 Metering** - The electric power received from resources and delivered under the Tariff and this Service Agreement shall be determined from measurements taken at, or adjusted to measurements taken at such resources and the Customer's Network Load, or from a schedule of delivered quantities. Suitable metering equipment shall include standard types of electric meters, potential and current transformers, and such other appurtenances as shall be necessary to give the instantaneous values of kilowatts and kilovars, and an automatic record of kilowatt-hours for each clock hour. When there is a possibility of flows of electricity in either direction, then metering equipment shall be installed to provide metering data for each direction of flow. The specific types of metering equipment, the details of the metering arrangement and the records to be kept shall be determined by the Parties. The timing devices of all meters having such devices shall be maintained in time synchronism as closely as practicable. The meters shall be sealed and the seals shall be broken only upon occasions when the meters are to be tested or adjusted.

**3.2 Testing** - The aforesaid metering equipment shall be tested by the Party providing the same at suitable intervals and its accuracy of registration maintained in accordance with then current utility industry practice. On request of either Party, a special test may be made at the expense of the Party requesting

such special test. Representatives of both of the Parties shall be afforded an opportunity to be present at all routine or special tests and upon occasions when any readings, for purposes of settlements, are taken from meters not bearing an automatic record.

If any test of metering equipment shall disclose any inaccuracy exceeding two percent (2%), the accounts between the Parties for service theretofore delivered pursuant to this Service Agreement shall be adjusted to correct for the inaccuracy disclosed over the shorter of the following two periods: (1) for the thirty (30)-day period immediately preceding the day of the test; or (2) for the period that such inaccuracy may be determined to have existed. Should the metering equipment as provided hereunder at any time fail to register, the electric power and energy delivered shall be determined from the best available data.

For the purpose of checking the records of the metering equipment installed by one of the Parties as hereinabove provided, the other Party shall have the right to install check metering equipment at the metering points. Metering equipment so installed by one Party on the premises of the other Party, unless otherwise provided for in this Service Agreement, shall be owned and maintained by the Party installing such equipment. Upon termination of this Service Agreement, the Party owning such metering equipment shall remove it from the premises of the other Party. Authorized representatives of both Parties shall have access at all reasonable hours to the premises where the meters are located and to the records made by the meters.

**3.3 Data Acquisition** - Service under the Tariff and this Service Agreement shall not commence until the Customer and Transmission Provider have installed all metering equipment, data acquisition facilities, communication equipment and associated equipment necessary to provide the metered data at the various locations of the Network Resources and Network Loads to the Transmission Provider's system control center in a manner consistent with applicable NERC and ECAR guidelines for the reliable operation of the Bulk Transmission System and the Common Transmission Systems.

ARTICLE IV

RECORDS AND SUPPLY OF DATA

4.1 **Records** - The Parties shall keep, by mutual agreement, confirmation letters and other records as may be needed by the Parties for the purposes of this Service Agreement. The confirmation letters and other records shall be open to inspection at all reasonable times by representatives of each Party. The confirmation letters and records shall be retained by the respective Parties for a minimum of five (5) years from the date of such record, or such longer period as is required by any regulatory agency having jurisdiction in the matter or by any regulatory agency having jurisdiction over the Parties.

4.2 **Supply of Data** - Each Party shall furnish to the other Party data available to it on such time bases as are established by the Parties when such data are needed for settlement, operating records, or other purposes consistent with the objectives thereof. As promptly as reasonably practicable, each Party shall render to the other Party statements setting forth data from sources available to it in such detail and with such segregation as may be needed for the transmission service provided per Exhibits "A" through "D" attached hereto, operating records, verification of billings, or settlements hereunder.

ARTICLE V

TERM OF THE AGREEMENT

- 5.1 **Initial Term** - [Contract Specific]
  - 5.2 **Termination** - [Contract Specific]
  - 5.3 **Successive Terms** - [Contract Specific]
-

**ARTICLE VI**

**MISCELLANEOUS**

**6.1 Governing Law** - The validity, interpretation and performance of this Service Agreement and each of its provisions shall be governed by the laws of the State of Ohio.

**6.2 Notices Relating to Provisions of Service Agreement** - Any notice, request, demand or statement, which may be given to or be made upon either Party by the other Party under any of the provisions of this Service Agreement, shall be in writing, unless it is specifically provided otherwise herein, and shall be considered delivered when the same is either (1) personally delivered to the \_\_\_\_\_ of the Customer or to the \_\_\_\_\_ of the Transmission Provider, or (2) deposited in the United States mail, by certified mail, postage prepaid, and properly addressed to the Party to be served as follows:

If the notice is to the Customer:

Title:  
Customer Name:  
Address:

If the notice is to the Transmission Provider:

Manager, Transmission Planning  
Cinergy Services, Inc.  
139 E. Fourth Street  
Cincinnati, OH 45202

**6.3 Notices of an Operating Nature** - Any notice, request or demand pertaining to matters of an operating nature, which matters do not include requests for additional transmission service or modified transmission service under a Cinergy FERC transmission tariff may be served in person or by United States mail, messenger, telephone, telegraph, facsimile transmission or orally, as circumstances dictate, to the person designated in writing by the Party as its representative for such purposes; provided that should the same not be written, confirmation thereof shall be made in writing as soon as reasonably practicable thereafter, upon request of the Party being served.

**6.4 Section Headings Not to Affect Meaning -**

The descriptive headings of the various sections of this Service Agreement have been inserted for convenience of reference only and shall in no way define, modify or restrict any of the terms and provisions thereof.

**6.5 Further Assurances -**

From time to time after the execution of this Service Agreement, the Parties may execute such instruments, upon the request of the other, as may be necessary or appropriate, to carry out the intent of this Service Agreement.

**6.6 Execution Date of Agreement -**

The Execution Date of this Service Agreement shall be the date appearing at the beginning of this Service Agreement.

**6.7 Amendments -**

This Service Agreement may be amended upon mutual agreement of the Parties, which amendment shall be reduced to writing and executed by both Parties.

**6.8 Severability -**

In the event any of the terms, covenants or conditions of this Service Agreement, or any amendment hereto, or the application of any such terms, covenants or conditions shall be held invalid as to any Party or circumstance by any Court having jurisdiction, all other terms, covenants and conditions of this Service Agreement or any amendment hereto and their application shall not be affected thereby and shall remain in full force and effect.

**6.9 Computation of Time -**

In computing any period of time prescribed or allowed by this Service Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included. The last day of this period so computed shall be included unless it is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next business day which is neither a Saturday, Sunday or legal holiday. For purposes of the administration of this Service Agreement, Eastern Standard Time shall be used.



**6.10 Limitation** - This Agreement is not intended to and shall not create rights of any character whatsoever in favor of any persons, corporation, associations, or entity other than the Parties to this Service Agreement, and the obligations herein assumed are solely for the use and benefit of the Parties to this Agreement, their successors in interest or assigns.

**6.11 No Dedication of Facilities** - Any undertaking by one Party to the other under any provisions of this Service Agreement shall not constitute the dedication of the electric system, or any portion thereof, of any Party to the public or to the other Party, and it is understood and agreed that any such undertaking by any Party shall cease upon termination of this Service Agreement.

**6.12 Interconnection with Other Systems** - Nothing contained in this Service Agreement shall restrict or limit either Party from establishing, altering or terminating interconnection points with any entity not a party to this Service Agreement or amending or entering into such agreements.

**6.13 No Partnerships** - Notwithstanding any provisions of this Service Agreement to the contrary, the Parties do not intend to create hereby a joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit, and any construction of this Service Agreement to the contrary which has an adverse tax effect on either Party shall render this Service Agreement null and void from its inception.

**6.14 Waivers** - Any waiver at any time by either Party of its rights with respect to a default under this Service Agreement, or with respect to any other matter arising in connection with this Service Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter.

**6.15 Successors and Assigns** - Cinergy's Electric Tariff, Original Volume No. \_\_\_\_ - Open Access Transmission Tariff, Standard Tariff-\_\_ and this Service Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns.

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**6.16 Entire Agreement** - Cinergy's Electric Tariff, Original Volume No. \_\_\_\_ - Open Access Transmission Tariff and this Service Agreement constitutes the entire agreement between the Parties in respect of the subject matter hereof, and there are no other understandings or agreements between the Parties in respect thereof.

**IN WITNESS WHEREOF**, the duly authorized representatives of the Customer and the Transmission Provider have executed this Agreement as of the date first above written.

**CUSTOMER**  
(Customer)

**CINERGY SERVICES, INC.**  
(Transmission Provider)

BY: \_\_\_\_\_  
Name  
Title

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

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ATTACHMENT G

Network Operating Agreement

FORM OF

OPERATING AGREEMENT

FOR NETWORK TRANSMISSION SERVICE

BETWEEN

---

AND

CINERGY SERVICES, INC.

DATED: \_\_\_\_\_

Operating Agreement No. \_\_\_\_\_

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**OPERATING AGREEMENT**

**BETWEEN**

**CUSTOMER**

**AND**

**CINERGY SERVICES, INC.**

**THIS AGREEMENT**, made and entered into this \_\_\_\_  
day of \_\_\_\_\_, 199\_\_, by and between \_\_\_\_\_  
(hereinafter referred  
to as "Customer"), a \_\_\_\_\_ corporation, and CINERGY  
SERVICES, INC. (hereinafter referred to as "Transmission  
Provider"), a Delaware corporation. Customer and  
Transmission Provider are sometimes hereinafter referred to  
individually as "Party" and collectively as "Parties" where  
appropriate.

**W I T N E S S E T H :**

**WHEREAS**, Customer is a company organized and  
existing under the laws of the State of \_\_\_\_\_ to  
\_\_\_\_\_; and

**WHEREAS**, Transmission Provider is a company  
organized and existing under the laws of the State of  
Delaware to serve as the service company for the operating  
companies of the Cinergy System, which own and operate  
transmission facilities; and

**WHEREAS**, Customer and Transmission Provider desire  
to establish terms and conditions under which the Network  
Customer shall operate and maintain its facilities and  
establish the technical and operational matters associated  
with the implementation of the Network Agreement;

**NOW, THEREFORE**, in consideration of the mutual  
covenants and agreements herein contained, the Parties  
hereto covenant and agree as follows:

**ARTICLE I**

**DEFINITIONS**

**I.1 Agreement** shall mean this Operating Agreement together with all attachments and Service Schedules applying thereto and any amendments made hereafter.

**I.2 Bulk Transmission System:** Transmission facilities operated at or above 132 kilovolts nominal voltage, and interconnection facilities operated at or above 66 kilovolts nominal voltage.

**I.3 Common Transmission Facilities:** Transmission facilities operated at or above 66 kilovolts nominal voltage but at less than 132 kilovolts. Common Transmission Facilities do not include interconnection facilities operated at or above 66 kilovolts nominal voltage.

**I.4 Generating Resources** shall mean all power generating facilities available to meet the capacity needs of the Parties, whether the facilities are owned by the Parties or the capacity therefrom is under contract or leased by the Parties.

**I.5 Generating Unit** shall mean an electric generator, together with all auxiliary devices and equipment designed to be operated as a unit for the production of electric power and energy.

**I.6 Interconnected Transmission System** shall mean the transmission facilities operated at or above 138 kilovolts ("kV") by the System.

**I.7 Operating Committee** shall mean the organization created under this Agreement to administer its provisions and to undertake the certain responsibilities as set forth in this Agreement.

**I.8 Transmission Provider:** Cinergy Services, Inc., on behalf of Cincinnati Gas & Electric, CG&E, and PSI Energy, Inc., PSI.

**I.9 Transmission System:** The Bulk and Common Transmission facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service.

**ARTICLE II**

TERM OF AGREEMENT

II.1 This Agreement shall take effect on \_\_\_\_\_, or such later date as may be fixed by any requisite regulatory approval or acceptance for filing and shall continue in full force and effect until terminated by mutual agreement of Parties.

II.2 This Agreement will be reviewed periodically by the Operating Committee to determine whether revisions are necessary or appropriate.

ARTICLE III

OBJECTIVES

III.1 The Agreement shall provide for the Parties to operate and maintain equipment necessary for integrating the Customer within the Transmission Provider's Transmission System, transfer data between the Customer and Transmission Provider, and address other technical and operational considerations necessary to comply with the Network Agreement.

ARTICLE IV

EQUIPMENT TO INTEGRATE NETWORK CUSTOMER  
INTO Transmission Provider'S TRANSMISSION SYSTEM

IV.1 The equipment needed to integrate the Customer into the Transmission Provider's transmission system includes, but is not limited to remote terminal units (RTU), metering points and equipment, and any relaying equipment and settings. A listing of the interconnection points and the necessary equipment and data needed to integrate the Transmission Provider and the Network Customer consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System are included in Exhibit A.

**ARTICLE V**

**DATA TRANSFER**

**V.1 Supply of Data** - Each Party shall furnish to the other Party data available to it on such time bases as are established by the Parties when such data are needed for settlement, operating records, or other purposes consistent with the objectives thereof. As promptly as reasonably practicable, each Party shall render to the other Party statements setting forth data from sources available to it in such detail and with such segregation as may be needed for the transmission service provided under the Network Tariff. The data shall include, but not be limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch, voltage schedules, loss factors, and other real-time data. This data will be listed in Exhibit B.

**ARTICLE VI**

**SOFTWARE SYSTEMS**

**VI.1 Software systems** - The Parties shall provide the software needed for data links and constraint dispatching. Software required is listed in Exhibit C.

**ARTICLE VII**

**LONG-TERM PLANNING**

**VII.1** The Customer shall provide 10 year load and resource forecasts to allow the long-term planning of the integrated systems. The forecast data is inserted in Exhibit D. Also included shall be any future changes in the transmission systems of either party which will affect the operation or reliability of the Transmission System.

**ARTICLE VIII**

**CONTROL AREA REQUIREMENTS**

**VIII.1** The Customer shall arrange for all Control Area Requirements including necessary Ancillary Services. These requirements can be met by operating as a control area, contracting with the Transmission Provider, or by

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contracting with a Third Party. The elections of the  
Customer are indicated in Exhibit E.

**ARTICLE IX**

**NETWORK OPERATING COMMITTEE**

**IX.1** A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Operating Agreement, including equipment standards and data requirements. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

**IN WITNESS WHEREOF**, the duly authorized representatives of Customer and Transmission Provider have executed this Agreement as of the date first above written.

\_\_\_\_\_  
**CINERGY SERVICES, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_  
Manager, Transmission  
Planning



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**EXHIBIT "A"**

**EQUIPMENT TO INTEGRATE NETWORK CUSTOMER  
INTO Transmission Provider'S TRANSMISSION SYSTEM**

Interconnection Points:

Network Resources:

Remote Terminal Units (RTU):

Metering Points and Equipment:

Relaying Equipment and Settings:

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EXHIBIT "B"

DATA TRANSFER

Heat Rates and Operational Characteristics of Network  
Resources:

Generation Schedules for Units outside the Transmission  
Provider's Transmission System:

Interchange Schedules:

Unit Outputs for Redispatch:

Voltage Schedules:

Loss Factors:

Other Real-Time Data:

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EXHIBIT "C"

SOFTWARE SYSTEMS

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EXHIBIT "D"

LONG-TERM PLANNING

EXHIBIT "E"

CONTROL AREA REQUIREMENTS

SERVICE	FROM TRANSMISSION PROVIDER	CUSTOMER AS CONTROL AREA	FROM THIRD PARTY
Scheduling, System Control and Dispatch	X		
Reactive Supply and Voltage Control	X		
Regulation and Frequency Response	X		
Energy Imbalance			
Operating Reserve - Spinning			
Operating Reserve - Supplemental			

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**ATTACHMENT H**

**Annual Bulk Transmission System Revenue Requirement  
For Network Integration Transmission Service**

1. The Annual Bulk Transmission System Revenue Requirement for purposes of the Network Integration Transmission Service shall be \$96,652,000.
2. The amount in (1) shall be effective until amended by the Company or modified by the Commission.

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**ATTACHMENT I**

**Annual CG&E Common Transmission System Revenue Requirement  
For Network Integration Transmission Service**

1. The Annual CG&E Common Transmission System Revenue Requirement for purposes of the Network Integration Transmission Service shall be \$14,774,000.
2. The amount in (1) shall be effective until amended by the Company or modified by the Commission.

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**ATTACHMENT J**

**Annual PSI Common Transmission System Revenue Requirement  
For Network Integration Transmission Service**

1. The Annual PSI Common Transmission System Revenue Requirement for purposes of the Network Integration Transmission Service shall be \$24,249,000.
2. The amount in (1) shall be effective until amended by the Company or modified by the Commission.



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ATTACHMENT K

Index Of Network Integration Transmission Service Customers

<u>Agreement</u>	<u>Customer</u>	<u>Date of Service</u>
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**ATTACHMENT L**

**Calculation of Out-of-Pocket Costs for Emission Allowances**

The following procedures will be applied to determine the Out-of-Pocket Costs for emission allowances for services provided to Transmission Customers under this Tariff. Emission allowance costs will be charged to Transmission Customers only if the Company is authorized to do so pursuant to a Service Schedule on file with the Commission. These procedures are based on the procedures filed by the Company in Docket No. ER95-501, for the recovery of emission allowance costs pursuant to coordination agreements, or as specifically set out in coordination agreements filed with the Commission. If in a final order in Docket No. ER95-501 the Commission requires the Company to revise its procedures for calculating the costs charged to Transmission Customers for emission allowances, the Company will file an amendment to this Attachment L incorporating the appropriate changes required in that docket.

- (1) If a Transmission Customer receives a service from the Company pursuant to this Tariff and the rate for the service permits the Company to recover its Out-of-Pocket Costs associated with providing the service, the Transmission Customer shall have the option of
  - (a) compensating the Company for the Company's cost of emis-

sion allowances associated with providing the service, as determined according to the procedures set forth herein, or (b) supplying to the Company the allowances required by the Company to provide the service. Prior to the start of the transaction, the Transmission Customer shall notify the Company of its election to purchase or supply emission allowances. The running total of emission allowances to be charged or supplied will be shown on the monthly invoices to the purchasing Party.

(2) By January 15th of the year following the calendar year in which the transaction occurred, the Transmission Customer shall transfer the appropriate emission allowances to the Company for the emission allowances used when the allowances are provided in kind or shall reimburse the Company for the cost of the emission allowances.

(3) For each hour in which there is a transaction for energy services using an Out-of Pocket Cost rate under this Tariff, the Company will:

- (a) identify the generation sources used to provide the service by identifying the energy that would not have been used had the transaction not been in effect that hour by using the same after-the-fact incrementing costing

model that is used to calculate the incremental cost of fuel under the Tariff;

(b) determine, using the following formula, the quantity of emission allowances related to the service: (i) by calculating an incremental heat rate for the appropriate generating unit and the corresponding incremental SO<sub>2</sub> emission levels, as determined by the computer based tools, for the identified units dispatched to serve the transaction; (ii) applying the following formula for each such unit; (iii) adding together the total number of tons of SO<sub>2</sub> produced per million BTU (i.e., British Thermal Unit) of fuel burned by each such unit for the transaction; and (iv) letting one (1) emission allowance equal one (1) ton of SO<sub>2</sub> so produced.

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# of Units

$$\Sigma \quad [ \text{MBTU}_{\text{SALE}} - \text{MBTU}_{\text{NO SALE}} ] * [ \text{SO}_2 ] * \frac{[100\% - \text{SE}]}{100}$$

MBTU<sub>SALE</sub> = Million BTU consumed on unit n with sale.

MBTU<sub>NO SALE</sub> = Million BTU consumed on unit n without sale.

SO<sub>2</sub> = Tons of SO<sub>2</sub> produced per million BTU of fuel burned.

SE = Scrubber Efficiency in %.

The Company will perform periodic tests to

maintain the accuracy and validity of  
such emission rate information.

Because some generating sources may

not subject to the Clean Air Act

during Phase I or Phase II

thereunder, there will be no emission

allowance charges included for the

utilization of such an energy source

while it is not subject to such

requirements. One (1) emission

allowance shall be assigned to each

ton of SO<sub>2</sub> emitted to serve the

transaction. Fractions of emission

allowance tons will be rounded up to

the next whole number when the frac-

tion is equal to or greater than .5

and rounded down when the fraction is

less than .5.