

APPENDIX 3
to
TRANSMISSION INTERCONNECTION PROCEDURES

FACILITIES STUDY AGREEMENT

Between
Transmission Developer
and
Intermountain Power Agency

This Facilities Study Agreement (“Agreement”) is made and entered into this ____ day of _____, 20__, by and between _____ organized and existing under the laws of the _____ (“Transmission Developer”), and Intermountain Power Agency, a political subdivision of the State of Utah (“IPA”). Each such entity may be referred to in the singular herein as a “Party” and together as “Parties.”

RECITALS

WHEREAS, Transmission Developer proposes to develop the Transmission Project described in the Transmission Interconnection Application dated _____; and

WHEREAS, Transmission Developer desires to interconnect the Transmission Project with the IPA Switchyard; and

WHEREAS, Transmission Developer has requested that IPA perform a Facilities Study to specify the cost of interconnecting the Transmission Project to the IPA Switchyard; and

WHEREAS, IPA has offered this Agreement to Transmission Developer, and Transmission Developer has accepted this Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, the Parties agree as follows:

ARTICLE 1
DEFINED TERMS; PROCEDURES

1.1 Capitalized Terms. Unless specifically defined herein, when used in this Agreement, terms with initial capitalization shall have the meaning specified in the IPA Transmission Interconnection Procedures (the “Procedures”), as the same may be modified from time to time.

1.2 Application of Procedures. Except to the extent this Agreement expressly conflicts with the Procedures, the terms of the Procedures shall apply to the performance of this Agreement by the Parties.

1.3 Execution of Agreement by Transmission Developer. The Transmission Developer shall execute this Agreement and deliver the executed Agreement and the applicable initial study

deposit specified in the Deposit Amount Schedule to IPA no later than thirty (30) calendar days after its receipt. On or before the return of the executed Agreement to IPA, the Transmission Developer shall provide the technical information required by this Agreement.

ARTICLE 2 FACILITIES STUDY

2.1 Performance of Study. IPA shall cause to be performed a Facilities Study with respect to Transmission Developer's Transmission Interconnection Application in a manner consistent with Article 8 of the Procedures. IPA, or IPA's consultant, shall utilize existing studies to the extent practicable in performing the Facilities Study.

2.2 Study Assumptions. The assumptions used in conducting the Facilities Study shall be as specified in the Procedures and in Attachment A to this Agreement and the data provided in Attachment B to this Agreement.

2.3 Technical Information. The Facilities Study shall be based on the technical information provided by Transmission Developer in the Transmission Interconnection Application, as the same has been or may be modified in the Scoping Meeting described in Section 3.2.4 of the Procedures, the System Impact Study, and Attachment B to this Agreement. IPA reserves the right to request additional technical information from Transmission Developer to the extent reasonably necessary to conduct the Facilities Study consistent with this Agreement, Good Utility Practice and the Procedures.

2.3.1. Timely Provision of Technical Information. If the Transmission Developer does not provide all required technical data when it delivers this executed Agreement, IPA shall notify Transmission Developer of any deficiency within five (5) Business Days of the receipt of the executed Agreement. The Transmission Developer shall have ten (10) Business Days to cure the deficiency; *provided, however*, such deficiency does not include failure to deliver the executed Agreement or deposit. If Transmission Developer fails to provide the required technical data within this timeframe, this Agreement shall be withdrawn.

2.4 Facilities Study Scope. The Facilities Study shall update and refine the description of Network Upgrade Facilities and Connection Facilities identified in the System Impact Study, including the equipment, work and related cost and time estimates necessary to construct the required Network Upgrade Facilities and Connection Facilities. Within twenty (20) Business Days after provides the final Facilities Study report, Transmission Developer will be responsible for posting a letter of credit (or other security acceptable to IPA) in the amount of the cost estimates for the Network Upgrade Facilities and Connection Facilities documented in the final Facilities Study report pursuant to Section 8.5 of the Procedures.

2.5 Coordination with Affected Systems. IPA, or IPA's consultant, shall coordinate the Facilities Study with any Affected System, pursuant to Sections 3.3 and 8.4 of the Procedures, within the time frame specified in the Procedures, if possible.

2.6 Study Report. The Facilities Study report shall provide the following information:
(a) a description and estimated costs (consistent with Attachment A) of facilities, work and

equipment (including, Network Upgrade Facilities, Connection Facilities and Affected System Upgrades provided by the Affected System Operator, (if possible)) necessary to interconnect the Transmission Project to the IPA Transmission System; (b) identify all transmission interconnection equipment for the Network Upgrade Facilities and Connection Facilities; (c) the nature and cost of any Network Upgrade Facilities and Connection Facilities associated with the interconnection; and (d) an estimate of the time required to complete the work associated with the interconnection.

2.7 Facilities Study Report Meeting. As soon as practicable after completing the initial draft of the Facilities Study report, IPA will provide the Facilities Study report to the Transmission Developer and any Affected Systems for review and comment. Upon completion of this review process, IPA, Transmission Developer and any Affected Systems shall meet to discuss the results of the Facilities Study. If IPA's consultant was used to conduct the Facilities Study, that consultant will also attend the meeting to discuss the results of the Facilities Study.

ARTICLE 3 DEPOSIT AND PAYMENT

3.1 Initial Deposit and Draws. Concurrently with the execution of this Agreement, Transmission Developer shall pay to IPA an initial deposit for the Facilities Study in the amount specified in the Deposit Amount Schedule of the Procedures, against which IPA will draw in order to reimburse IPA for the costs incurred in connection with its performance of this Agreement. The initial deposit shall not include any estimates of costs incurred by affected systems (*i.e.*, other Transmission Providers, RTOs or ISOs). The Transmission Developer is responsible for the actual costs incurred by IPA and the Operating Agent for the Facilities Study. When the initial deposit has been drawn down to a remainder of twenty-five percent (25%) of the amount deposited by Transmission Developer, IPA shall provide Transmission Developer in writing with a good faith estimate of the expected remaining study costs to complete the Facilities Study, and the Transmission Developer shall pay IPA that amount as an additional study deposit within thirty (30) calendar days.

3.2 Invoices. As any draw is made against the deposit, IPA shall reasonably document the costs incurred by it in connection with its performance of this Agreement that were the subject of the draw by invoice to Transmission Developer for such amount monthly, which shall provide a description of the work performed. .

3.3 Refund of Deposit. If, upon termination of this Agreement or completion of the Facilities Study, there is any unapplied amount of the deposit held by IPA pursuant to this Agreement, IPA shall return the balance of the deposit to Transmission Developer within ten (10) Business Days or, if so directed by Transmission Developer, apply the remaining amount of such deposit to future deposits or costs to be incurred pursuant to the Procedures or the Transmission Project Interconnection Agreement.

ARTICLE 4 TERMINATION

4.1 Failure to Provide Additional Deposit. If Transmission Developer does not timely provide an additional deposit described in Article 3, and within ten (10) Business Days of a subsequent demand therefor by IPA, then IPA may, in addition to its right to suspend work, immediately terminate this Agreement.

4.2 Transmission Developer Termination. Transmission Developer may terminate this Agreement upon ten (10) Business Days' notice to IPA.

4.3 Payment. The termination of this Agreement shall not relieve Transmission Developer of the obligation to pay all amounts due under this Agreement, including, but not limited to, all costs incurred by IPA in connection with the termination hereof.

ARTICLE 5 MISCELLANEOUS

5.1 Confidentiality. The Parties agree to be bound by the provisions of Section 12.1 of the Procedures as if the same were fully set forth herein.

5.2 Accuracy of Information. The Transmission Developer represents and warrants that, to the best of its knowledge and in accordance with Good Utility Practice, the information that it provides to IPA in connection with this Agreement and the Facilities Study is accurate and complete. The Transmission Developer acknowledges and accepts that it has a continuing obligation under this Agreement to promptly provide IPA with any additional information required to update the information previously provided within no less than forty-eight (48) hours of Transmission Developer becoming aware of any additional information that is required to update the information previously provided to IPA.

5.3 Disclaimer of Warranty; Limitation of Liability and Release. In performing or causing the Facilities Study to be performed, IPA may rely on the information provided by the Transmission Developer and third parties, and IPA does not have any control over the veracity or accuracy of the data, information and other studies submitted by the Transmission Developer or obtained from third parties or industry sources.

IPA HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, WHETHER ARISING BY OPERATION OF LAW, COURSE OF PERFORMANCE OR DEALING, CUSTOM, USAGE IN THE ELECTRIC INDUSTRY, OR OTHERWISE, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FURTHERMORE, IPA SHALL NOT BE LIABLE TO TRANSMISSION DEVELOPER UNDER ANY CIRCUMSTANCES, UNDER ANY THEORY OF LIABILITY AT LAW OR IN EQUITY, WHETHER SUCH LIABILITY IS KNOWN OR UNKNOWN AT THE TIME OF SIGNING THIS AGREEMENT, OR ANY TIME THEREAFTER, FOR ANY DEATH, BODILY INJURY, AND LOSS OF USE OR DAMAGE OR DESTRUCTION OF ANY PROPERTY OR ANY BUSINESS INTERRUPTION, TO A THIRD PARTY OR TO TRANSMISSION DEVELOPER.

Upon execution of this Agreement, Transmission Developer acknowledges and accepts that it has not relied on any representations or warranties not specifically set forth herein.

5.4 Representations and Warranties. The Transmission Developer represents and warrants that it has the requisite power and authority to enter into this Agreement and to perform each of the terms and covenants of it. The Transmission Developer represents and warrants that it has undertaken or will cooperate with IPA in undertaking any environmental review required for its proposed project; provided however, IPA's undertaking and completion of the Facilities Study, or issuance of a Facilities Study report, shall neither be construed as a guarantee of an agreement nor an approval of the Transmission Project. The Transmission Developer further represents and warrants it is not restricted or prohibited contractually or otherwise, from entering into and performing this Agreement, and that the execution and performance of this Agreement by Transmission Developer will not constitute a violation or breach of any other agreement between it and any other person or entity. The Transmission Developer further represents and warrants that this Agreement is a valid and binding obligation of Transmission Developer.

5.5 Force Majeure. If a Force Majeure Event prevents IPA from fulfilling any obligations under this Agreement, IPA shall promptly notify the Transmission Developer in writing, and shall suspend or modify its performance under this Agreement. For purposes of this Agreement, a "Force Majeure Event" means any event or circumstance caused by reason of Force Majeure that prevents or delays IPA's performance under this Agreement which (a) is beyond the reasonable control of IPA and (b) was unable to be prevented or provided against by exercising Good Utility Practice or commercially reasonable efforts. In the event that the IPA suspended its performance, it shall resume its obligations under this Agreement as soon as reasonably possible upon resolution of the Force Majeure Event. In the event that the Parties mutually agree to modify IPA's performance as a result of the Force Majeure Event, this Agreement shall be modified in accordance with Section 5.14 herein.

5.6 Indemnification.

a. Transmission Developer undertakes and agrees to indemnify and hold harmless IPA, Intermountain Power Service Corporation, the Operating Agent, and all of their respective boards, owners, members, directors, officers, agents, representatives, employees, assigns and successors in interest (the "Indemnified Parties"), and, at the option of Transmission Developer, either defend (by using counsel reasonably acceptable to and approved in advance by the affected Indemnified Party) or reimburse defense costs incurred by an Indemnified Party from and against any and all suits, causes of action, claims, charges, damages, demands, judgments, civil and criminal fines and penalties, costs, expenses (including, without limitation, reasonable attorneys' fees and disbursements and court costs) and losses of any kind or nature whatsoever, for death, bodily injury or personal injury to any person, including, without limitation, to Transmission Developer's boards, owners, members, directors, officers, agents, representatives and employees, or damage to or destruction of any property of either Party hereto or third persons arising as a result of, or caused in whole or in part by any: (i) breach or default under this Agreement on the part of Transmission Developer; or (ii) negligent act, error, omission or willful misconduct incidental to, related to or connected with the performance of this Agreement or the interconnection or any other matter contemplated by or provided for under this Agreement on the part of Transmission Developer or any of Transmission Developer's boards, owners, members, directors, managers, officers, agents, representatives, employees or subcontractors of any tier, except to the extent arising from the gross negligence or willful misconduct of Indemnified Parties.

b. Transmission Developer undertakes and agrees to indemnify and hold harmless Indemnified Parties and, at the option of Transmission Developer, either defend (by using counsel reasonably acceptable to and approved in advance by the affected Indemnified Party) or reimburse defense costs incurred by an Indemnified Party from and against any and all suits, causes of action, claims, charges, damages, demands, judgments, civil and criminal fines and penalties, costs, expenses (including without limitation, reasonable attorneys' fees, disbursements and court costs) and losses of any kind or nature whatsoever, for death, bodily injury or personal injury to any person, including without limitation, to Transmission Developer's boards, owners, members, directors, officers, agents, representatives and employees, or damage to or destruction of any property of either Party hereto, or third persons in any manner arising by reason of any negligent act, error or omission incident related to or connected with the performance of this Agreement or the interconnection or any other matter contemplated by or provided for under this Agreement on the part of the Operating Agent, IPA, or Intermountain Power Service Corporation, or their respective boards, owners, members, directors, officers, agents, representatives, employees, or subcontractors of any tier (including Intermountain Power Service Corporation), except to the extent arising from the gross negligence or willful misconduct of IPA, the Operating Agent or Intermountain Power Service Corporation, or their respective boards, officers, agents, representatives or employees.

c. Transmission Developer agrees that it shall not directly or indirectly assert any claim against IPA or seek to have IPA indemnify or reimburse Transmission Developer for any loss, cost or damage with respect to which Transmission Developer has a duty of indemnification pursuant to subsection a. or b. of this Section 5.6.

5.7 Consequential Damages. Except with respect to liabilities arising from third-party claims for which Transmission Developer is required to indemnify an Indemnified Party, in no event shall either Party be liable to the other Party under any provision of this Agreement for any indirect, incidental, punitive or consequential damages, losses, damages, costs or expenses including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be indirect, incidental, punitive or consequential damages hereunder.

5.8 Performance by Operating Agent. The Parties recognize that the Los Angeles Department of Water and Power, pursuant to an agreement with IPA, acts as the Operating Agent for IPA's generation and transmission facilities, including the IPA Switchyard and the Transmission System, and that the Los Angeles Department of Water and Power, in such capacity as Operating Agent, is responsible for planning, negotiating, designing, constructing, insuring, administering, operating and maintaining the IPA Switchyard and the Transmission System and such other facilities of IPA. Accordingly, consistent with such agreements with IPA, the Los Angeles Department of Water and Power, as Operating Agent acting on behalf of IPA, is to perform and carry out the obligations of IPA under this Agreement. IPA or the Operating Agent may use the services of contractors as it deems appropriate to perform its obligations under the Procedures. The IPA shall remain primarily liable to the Transmission Developer for the performance of such contractors and compliance with its obligations under the Procedures. The

contractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

5.9 Performance by Intermountain Power Service Corporation. The Parties further recognize that under an agreement with IPA and the Los Angeles Department of Water and Power as Operating Agent, Intermountain Power Service Corporation performs certain operating and maintenance work pertaining to IPA's generation and transmission facilities, including the IPA Switchyard and the Transmission System, under the direction of the Los Angeles Department of Water and Power as Operating Agent. Accordingly, consistent with such agreement with IPA and the Los Angeles Department of Water and Power, Intermountain Power Service Corporation may perform and carry out certain operation and maintenance work with respect to the IPA Interconnection Facilities, as well as the IPA Switchyard and the Transmission System, as provided for under the applicable provisions of this Agreement

5.10 Dispute Resolution. The Parties agree to be bound by the provisions of Section 12.5 of the Procedures as if the same were fully set forth herein.

5.11 Conformance with NERC and WECC Reliability Requirements. The Parties agree to be bound by the provisions of Section 12.8 of the Procedures as if the same were fully set forth herein.

5.12 Assignment. This Agreement may be assigned by either Party only upon the express written consent of the other Party.

5.13 Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors or assigns, subject to the Procedures.

5.14 Amendment. No amendment of this Agreement or any of the Attachments or Appendices hereto shall be effective or binding unless it is set forth in a written instrument that is duly executed and delivered by both of the Parties.

5.15 Governing Law. This Agreement shall be governed by the laws of the State of Utah without regard to Utah's laws or rules governing conflicts of law.

5.16 Venue. All litigation arising out of or relating to this Agreement shall be brought only in the United States District Court for the District of Utah, if jurisdiction should there exist, or, if such jurisdiction is lacking, then only in the Third Judicial District Court for Salt Lake County, Utah, and the Parties irrevocably agree to submit to the personal jurisdiction of each such court.

5.17 Attorneys' Fees and Costs. In any action to enforce the terms of this Agreement, each Party shall be responsible for its own attorneys' fees and costs.

5.18 Waivers. Any waiver at any time by any Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with said agreement, shall not be deemed a waiver with respect to any subsequent default or other matter arising in connection therewith. Any delay, short of the statutory period of limitation in asserting or enforcing any right, shall not be deemed a waiver of such right.

5.19 Entire Agreement. This Agreement contains the entire agreement and understanding between the Parties, their agents, and employees as to the subject matter of this Agreement. This Agreement may be amended only by a written document signed by the Parties. Each Party acknowledges that it was represented by counsel in the negotiation of this Agreement and that it has been authorized to execute this Agreement.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

Intermountain Power Agency, by its Operating Agent

By: _____

Title: _____

Date: _____

[Transmission Developer]

By: _____

Title: _____

Date: _____

**Attachment A To Appendix 3
Facilities Study Agreement**

**TRANSMISSION DEVELOPER SCHEDULE ELECTION FOR CONDUCTING
THE FACILITIES STUDY**

IPA shall use Reasonable Efforts to complete the study and issue a draft Facilities Study report to Transmission Developer within the following number of days after receipt of an executed copy of this Facilities Study Agreement:

- one hundred eighty (180) calendar days with no more than a +/- 20 percent cost estimate contained in the report, or

Notwithstanding any margin of error identified above for any cost estimate, Transmission Developer shall be responsible for any and all cost related or connected to the Transmission Interconnection Application, Network Upgrade Facilities and Connection Facilities.

**DATA FORM TO BE PROVIDED BY TRANSMISSION DEVELOPER WITH
THE
FACILITIES STUDY AGREEMENT**

The Facilities Study will be based upon the results of the scoping meeting held on _____ and any assumptions contained within the Transmission Developer's response to any and all data request(s) including the completed System Impact Study Attachment A, subject to any permitted modifications in accordance with Section 4.4 of the Procedures and any revised System Impact Study Attachment A submitted by Transmission Developer, and the following assumptions:

- _____ Interconnection Request for a Transmission Facility, including Attachment A
- Transmission Developer shall provide all of the necessary models for the various studies including, but not limited to:
 - Nominal voltages of equipment
 - Equipment impedances
 - Equipment ratings
 - Inverter & controller models
 - Control set point ranges and initial settings
 - Termination points
 - Loading projections
 - Breaker duty and surge protection ratings
 - Power factor control method and range
 - DC Transmission System Models
 - Switchyard One lines
 - Reactive Power Control Strategy
 - AC and DC Filter Configurations
 - And other similar items.
- ***[INSERT ANY ADDITIONAL TECHNICAL ASSUMPTIONS FOR FACILITIES STUDY:]***