

or deterioration of service to other customers served from the same electric system or if operating the Generating Facility could cause damage to Transmission Provider's Transmission System or Affected Systems. If, after notice to Interconnection Customer has been provided and a reasonable time to correct such adverse operating effect has elapsed, consistent with the conditions, and Interconnection Customer has failed to make such corrections, Transmission Provider may disconnect the Generating Facility. Transmission Provider shall provide Interconnection Customer with five Business Days notice prior to such disconnection.

4.4.5 Modification of the Generating Facility. Interconnection Customer must receive written authorization from Transmission Provider before making any Material Modification to the Generating Facility. If Interconnection Customer makes such modification without Transmission Provider's prior written authorization, the latter shall have the right to temporarily disconnect the Generating Facility. Such authorization shall not be unreasonably withheld.

4.4.6 Reconnection. The Parties shall cooperate with each other to restore the Generating Facility, Interconnection Facilities, and Transmission Provider's Transmission System to their normal operating state as soon as reasonably practicable following any reduction or temporary disconnection.

Article 5. Cost Responsibility, Milestones, Billing, and Payment

5.1 Cost Responsibility.

5.1.1 Interconnection Facilities.

Interconnection Customer will pay for the cost of Interconnection Facilities itemized in Appendix 1 of this agreement. Transmission Provider will provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of Interconnection Customer, such other entities, and Transmission Provider.

5.1.2 Network Upgrades. Transmission Provider or Transmission Owner shall design, procure, construct, install, and own Network Upgrades described in Appendix 5 of this agreement. Unless Transmission Provider or Transmission Provider elect to initially pay for such facilities, the actual cost of the Network Upgrades, including overheads, shall be borne by Interconnection Customer.

5.1.2.1 Refund of Amounts Advanced for Network Upgrades. Interconnection Customer shall be entitled to a refund, equal to the total amount paid to Transmission Provider and Affected Systems, if any, for the Network Upgrades with interest, including any tax gross-up or other tax-related payments, to be paid to Interconnection Customer on a dollar-for-dollar basis, for the non-usage sensitive portion of transmission charges, as payments are made under Transmission Provider's Tariff and Affected Systems' Tariffs. Notwithstanding the foregoing, Interconnection Customer,

Transmission Provider, and any Affected Systems may adopt any alternative payment schedule that is mutually agreeable so long as Transmission Provider and any Affected Systems refund all amounts paid by Interconnection Customer, with interest, within five years from the Commercial Operation Date. Transmission Provider and any Affected Systems shall provide refunds to Interconnection Customer only after commercial operation of the Generating Facility has been demonstrated. If the Generating Facility fails to achieve commercial operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, Transmission Provider and Affected System Operator shall at that time provide refunds to Interconnection Customer for the amounts advanced for the Network Upgrades. Any refund shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR 35.19a(a)(2)(ii) from the date of any payment for Network Upgrades through the date on which Interconnection Customer receives a refund of such payment pursuant to this subparagraph. Interconnection Customer may assign such refund rights to any person.

Notwithstanding any other provision of this agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that Interconnection Customer shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain refunds or transmission credits for transmission service that is not associated with the Generating Facility.

5.1.3 Distribution Upgrades.

Transmission Provider or Transmission Provider shall design, procure, construct, install, and own the distribution Upgrades described in Appendix 5 of this agreement. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to Interconnection Customer.

5.1.4 Operating and Maintenance Expenses. Subject to the provisions herein addressing the use of facilities by others, and except for operating and maintenance expenses associated with modifications made for providing service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses, including overheads, associated with: (1) Owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing Transmission Provider's Interconnection Facilities.

5.1.5 General. If the Parties agree that the Generating Facility benefits Transmission Provider's Transmission System, Interconnection Customer's cost responsibility for Transmission Provider's Interconnection Facilities or Upgrades will be reduced commensurate with such benefit. Benefits must be measurable and verifiable.

Where multiple Interconnection Requests require Upgrades to Transmission Provider's

Transmission System, Interconnection Customers will be assigned costs or benefits separately where impacts can be separately attributed to respective projects. Where such attribution is not possible, Interconnection Customers will share costs or benefits in proportion to their projected Generating Facility capacities.

5.2 Financial Security Arrangements. At least thirty Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of a Transmission Provider Interconnection Facilities and Upgrades, Interconnection Customer shall provide Transmission Provider, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, procuring, and installing the applicable portion of Transmission Provider Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to Transmission Provider under this agreement during its Term. In addition:

The guarantee must be made by an entity that meets the creditworthiness requirements of Transmission Provider, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

The letter of credit must be issued by a financial institution reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

The surety bond must be issued by an insurer reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

5.3 Milestones. Parties shall agree on milestones for which each Party is responsible and list them in Appendix 3 of this agreement. A Party's obligations under this provision may be extended by agreement.

5.3.1 If Interconnection Customer fails to meet agreed milestones for which it is responsible, other than for reasons of Force Majeure, its responsibility for costs incurred to that point by Transmission Provider will increase at the rate of interest calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR 35.19a(a)(2)(ii) from the date of failure until the date the Milestone is met.

5.3.2 If Transmission Provider fails to meet agreed milestones for which it is responsible, other than for reasons of Force Majeure, Interconnection Customer will be credited interest for costs incurred to that point (including the Interconnection Request processing fee and study costs incurred under the Standard Small Generator Interconnection Procedures) calculated at the rate in accordance with the methodology set forth in FERC's regulations at 18 CFR 35.19a(a)(2)(ii) from the date of failure until the date the Milestone is met.

5.4 Billing and Payment. Billing and payment obligations for services rendered,