



ATTORNEYS AT LAW
NIXONPEABODY.COM
@NIXONPEABODYLLP

Robert L. Daileader
Partner
T 202-585-8318
rdaileader@nixonpeabody.com

Nixon Peabody LLP
401 9th Street NW
Suite 900
Washington, DC 20004-2128
202-585-8000

**PUBLIC VERSION – PRIVILEGED AND
CONFIDENTIAL INFORMATION HAS
BEEN REMOVED**

February 20, 2014

Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Room 1A-East, First Floor
Washington, D.C. 20426

Re: Joint Application of Southern Cross Transmission LLC and Pattern Power
Marketing LLC
Docket No. TX11-1-001
Compliance Filing

Dear Secretary Bose:

Southern Cross Transmission LLC (“SCT”) and Pattern Power Marketing LLC (“PPM”) (the “Applicants”), in compliance with Ordering Paragraph (E) of the Federal Energy Regulatory Commission’s (the “Commission”) December 15, 2011 Proposed Order Directing Interconnection and Transmission Services and Conditionally Approving Settlement Agreement¹ in the above-referenced proceeding and the Commission’s Notice of Extension of Time issued February 6, 2014, hereby submit the final, unexecuted interconnection agreements between (1) Oncor Electric Delivery Company LLC (“Oncor”) and Garland Power & Light Company (“Garland”) (the Oncor/Garland Interconnection Agreement”) and (2) Garland and SCT (the “Garland/SCT Interconnection Agreement”). Also enclosed is the final, executed Offer of Settlement among the Applicants, Garland, Oncor and CenterPoint Energy Houston Electric, LLC (“CEHE”) (collectively, the “Settling Parties”) pursuant to which, upon issuance of a Final Order by the Commission, Garland will provide an interconnection at the Texas-Louisiana border between Garland’s to-be-built alternating current (“AC”) transmission facilities and the Southern Cross Project, an approximately 400 mile long, high voltage, direct current transmission line providing incremental bi-directional transmission capacity of up to 3,000 MW to facilitate power flows between the Electric Reliability Council of Texas, Inc. (“ERCOT”) and the

¹ *Southern Cross Transmission LLC, et al.*, 137 FERC ¶ 61,206 (2011) (the “Proposed Order”).

Honorable Kimberly D. Bose
February 20, 2014
Page 2

SERC Reliability Corporation (“SERC”) reliability regions,² and Oncor and CEHE will provide transmission service for power flows over the Southern Cross Project into or out of the ERCOT grid.

On January 8, 2014, the Applicants received written notification from Oncor that the interconnection and reliability studies within ERCOT necessary to identify the facilities required to safely and reliably interconnect the Southern Cross Project to the ERCOT grid had been finalized and the requisite review by ERCOT and the ERCOT transmission owners had been completed. In accordance with Ordering Paragraph (E) of the Proposed Order, the Settling Parties have been directed to finalize and file the unexecuted Interconnection Agreements and to revise the Offer of Settlement consistent with the Proposed Order. To that end, Oncor, Garland and SCT have now reached agreement regarding the specific facilities that each will own, operate and maintain to facilitate the requested interconnection. These facilities are identified in Exhibit A to each of the Interconnection Agreements. In addition, as required by the Proposed Order,³ the Applicants are providing in this filing, precise information regarding the location of facilities at the interconnection between Garland and SCT near the Texas/Louisiana border (the “Western Point of Interconnection”). Finally, the interconnection and reliability studies undertaken by Oncor and reviewed by ERCOT and the ERCOT transmission owners confirm that, with the construction and operation of the additional facilities identified in Exhibit A to the Oncor/Garland Interconnection Agreement, the Southern Cross Project can be interconnected to the ERCOT grid without any adverse impacts on the continued reliability of the grid. Accordingly, the Applicants respectfully request that the Commission issue a Final Order under Sections 210, 211 and 212 of the Federal Power Act requiring the interconnection of the Southern Cross Project by Garland at the Western Point of Interconnection and directing Oncor and CEHE to provide transmission service for power flows over the Southern Cross Project into and out of the ERCOT transmission grid to any eligible customer under their respective tariffs for transmission service to, from and over certain interconnections (“TFO Tariff”).

I. BACKGROUND

On September 6, 2011, the Applicants filed a Joint Application for an Order Directing a Physical Interconnection of Facilities and Transmission Services Under Sections 210, 211 and 212 of the Federal Power Act (the “Joint Application”) in connection with the development of the Southern Cross Project. The Project will provide increased access to affordable Texas generated renewable wind power to electric customers within the SERC region and will provide for greater utilization of the Competitive Renewable Energy Zone (“CREZ”) build-out of the transmission system authorized by the Public Utility Commission of Texas (the “PUCT”). In addition, the Project’s ability to move electricity in both directions between the ERCOT and SERC regions should allow the better utilization of resources between the regions, resulting in improved reliability and other economic benefits for both regions.

² As discussed in the Joint Application (p. 1, fn. 3) and as remains the case as of the date of this filing, the final size of the Project remains a function of the commercial interest as demonstrated through the capacity allocation process.

³ *Id.* P 27, fn. 27.

Honorable Kimberly D. Bose
 February 20, 2014
 Page 3

In the Proposed Order, the Commission determined on a preliminary basis that an order requiring Garland to provide interconnection service and Oncor and CEHE to provide transmission service to the Applicants would meet the standards set forth in Sections 210, 211 and 212 of the Federal Power Act (“FPA”), that the Commission has jurisdiction under those provisions to require the interconnection and transmission services requested in the Application and that the Commission’s exercise of that jurisdiction will not cause any ERCOT utility that is not already a public utility to become a public utility under Part II of the Federal Power Act.⁴ The Commission declined the Applicants’ request that a final order under Sections 210, 211 and 212 be issued, noting that the interconnection and reliability studies for the Project had not then been completed and that the identification of the necessary interconnection facilities was not possible until completion of those studies.⁵ Accordingly, the Commission provided:

[T]he Commission will allow the parties additional time to finalize the Offer of Settlement and unexecuted interconnection agreements based on the results of the ongoing interconnection and reliability studies. We expect the parties to make every reasonable effort to identify all of the facilities that will be required in relation to the Project and to specify how costs for those facilities will be apportioned among the parties. We will direct Applicants to file the revised application, Offer of Settlement, and unexecuted interconnection agreements within 30 days after the results of the necessary technical studies become available.⁶

In addition, as noted above, in response to the comments on the Application submitted by the Texas Industrial Energy Consumers (“TIEC”), the Applicants are providing additional information with respect to the location of those facilities at the Western Point of Interconnection.

II. REVISED OFFER OF SETTLEMENT AND INTERCONNECTION AGREEMENTS

Attached hereto as Attachment A in accordance with Ordering Paragraph (E) of the Proposed Order are a revised Offer of Settlement and the finalized, unexecuted Interconnection Agreements between Oncor and Garland (Appendix 1) and Garland and SCT (Appendix 2). The Offer of Settlement is substantively unchanged from that filed in 2011.⁷ The Interconnection Agreements have

⁴ 137 FERC ¶ 61,206 PP 23, 26, Ordering Paragraph (D). The Commission further determined that the exercise of its jurisdiction to require Garland to provide interconnection service would not result in Garland becoming a “transmitting utility” within the meaning of FPA Section 3(23). *Id.* P 26.

⁵ *Id.* P 29.

⁶ *Id.* P 39, Ordering Paragraph (E).

⁷ In its November 4, 2011 Motion to Intervene and Answer filed in this proceeding (p. 5, fn. 2), Oncor noted that the executed Offer of Settlement attached to its pleading contained certain corrections of a non-substantive nature to the Offer of Settlement filed by the Applicants. The Offer of Settlement included in this filing incorporates the corrections made by Oncor. In addition, in the Proposed Order (P 37), the Commission interpreted Condition (E) of the Offer of Settlement as providing that, in the event of any future transfer of the Garland Transmission Facilities, no future Commission order under FPA Sections 210, 211 or 212 would be required but that Commission authorization of the transfer under FPA Section 203 may be required. The Settling Parties agree with the Commission’s interpretation of Condition (E).

Honorable Kimberly D. Bose
 February 20, 2014
 Page 4

been modified by revising Exhibit A and the One Line Diagram attached to each Agreement. All of the interconnection facilities to be owned, operated and maintained by each of Oncor, Garland and Southern Cross are identified in Exhibit A to each Interconnection Agreement, as required by the Proposed Order.

With respect to cost allocation, the Applicants confirm the representations made in their Motion for Leave to Answer and Answer filed in this proceeding on November 18, 2011, namely, that the costs of constructing all facilities identified in the two Interconnection Agreements that are to be owned and operated by either Garland or SCT will be the responsibility of the Project and neither SCT nor Garland will seek to recover any such construction costs from ERCOT ratepayers. The recovery of the costs of the facilities identified in Exhibit A to the Oncor/Garland Interconnection Agreement that are to be owned and operated by Oncor will be subject to the established cost allocation rules within ERCOT and will be subject to the jurisdiction of the PUCT.

III. SPECIFICS ON THE WESTERN POINT OF INTERCONNECTION

In its Comments on the Application, TIEC raised concerns about the location of facilities at the Western Point of Interconnection and, in particular, whether an entity could seek to interconnect to the AC facilities within the State of Louisiana and thereby seek to effect an interconnection without the participation of the PUCT.⁸ As the Commission noted in the Proposed Order,⁹ SCT has addressed the TIEC concern by committing that “[t]he Project’s western converter station will be constructed in Louisiana adjacent to the Western Point of Interconnection at a distance from the Western Point of Interconnection such that any interconnection with the AC transmission line will take place within ERCOT and be subject to the jurisdiction of the PUCT.”¹⁰ SCT re-affirms that commitment in this filing. Moreover, the Commission further found the precise location of the Western Point of Interconnection is both immaterial with respect to TIEC’s jurisdictional concerns and without merit.¹¹ Nevertheless, the Commission directed the Applicants to provide “precise information regarding the location of the Western Point of Interconnection” in this filing.

Attachment B to this filing consists of a revised schematic diagram of the proposed location of facilities to be constructed by Garland and Southern Cross that would form the Western Point of Interconnection.¹² Southern Cross has entered into options to acquire contiguous parcels of land at the Texas/Louisiana border that, if ultimately purchased, would allow the construction of both the Garland switching station and the Southern Cross Project converter station in close proximity at the border as shown on Attachment B. It is the current intention of Southern Cross and Garland to utilize these parcels for the construction of their respective facilities at the Western Point of Interconnection.

⁸ Docket No. TX11-1-000, Comments of Texas Industrial Energy Consumers pp. 3-5 (Nov. 4, 2011).

⁹ 137 FERC ¶ 61,206 P 27.

¹⁰ Joint Application at p. 12.

¹¹ 137 FERC ¶ 61,206 P 27.

¹² On page 2 of the Offer of Settlement, reference is made to Appendix 1 showing a depiction of the facilities to be owned by Oncor, Garland and SCT at the Western Point of Interconnection. That reference was intended to be to Attachment A to the Application. In any event, Attachment B to this filing supersedes that Appendix and the reference to Appendix on page 2 of the Offer of Settlement should be ignored.

Honorable Kimberly D. Bose
February 20, 2014
Page 5

Nevertheless, irrespective of what parcels of land are ultimately acquired, Southern Cross and Garland commit that both the Garland switching station and the SCT converter station will be engineered, designed and constructed in such close proximity to the Texas/Louisiana border that the only reasonable interconnection to the AC facilities between the switching station and the converter station will be to the Garland facilities within the State of Texas, thereby subjecting the interconnecting party to the jurisdiction of the PUCT in effecting the interconnection.¹³

IV. REQUEST FOR CONFIDENTIAL TREATMENT

In accordance with Section 388.112 of the Commission's regulations,¹⁴ the Applicants are submitting Exhibit A to Revised Appendix 1 to the Offer of Settlement (the Oncor/Garland Interconnection Agreement) in non-public and public forms due to commercially sensitive information contained in certain sections of Exhibit A. Specifically, the Applicants seek privileged treatment for those sections of Exhibit A relating to the acquisition of real property needed for certain of the interconnection facilities. The release of this commercially sensitive information could hinder the parties' ability to secure the needed real estate on favorable terms and conditions. The Applicants understand that the Commission will notify it prior to any contemplated disclosure of Exhibit A to the Oncor/Garland Interconnection Agreement.

Accordingly, as required by Section 388.112, the Applicants submit an original and six copies of the public version of this filing with Exhibit A to Revised Appendix 1 to the Offer of Settlement redacted and marked "PUBLIC VERSION – PRIVILEGED AND CONFIDENTIAL INFORMATION HAS BEEN REMOVED" to indicate that information has been removed for confidential treatment and an original of the confidential version marked "NON-PUBLIC VERSION – CONTAINS PRIVILEGED AND CONFIDENTIAL INFORMATION – DO NOT RELEASE PURSUANT TO 18 C.F.R. § 388.112." The Applicants designate the undersigned counsel as the contact person for purposes of this request for privileged treatment.

V. DESCRIPTION OF DOCUMENTS BEING SUBMITTED WITH FILING

This filing includes the following materials:

1. This transmittal letter;
2. A public version containing Attachment A (Revised Offer of Settlement and Revised Appendix 1 (Oncor/Garland Interconnection Agreement) and Revised Appendix 2 (Garland/SCT Interconnection Agreement)) and Attachment B (Schematic Diagram of Western Point of Interconnection); and

¹³ The Applicants have made the same commitment in the Joint Application (p. 12) and in their Motion for Leave to Answer and Answer filed in this proceeding on November 18, 2011 (p. 12).

¹⁴ 18 C.F.R. § 388.112 (2013).

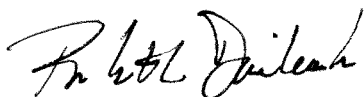
Honorable Kimberly D. Bose
February 20, 2014
Page 6

3. A non-public version of the Revised Appendix 1 (Oncor/Garland Interconnection Agreement) containing the privileged sections of Exhibit A.

The Applicants respectfully request that the Commission (1) accept this filing as in compliance with the requirements of the Proposed Order and (2) issue a Final Order under FPA Sections 210, 211 and 212 accepting the Offer of Settlement among the Applicants, Garland, Oncor and CEHE and directing Garland to interconnect with SCT under Section 210 and Oncor and CEHE to provide transmission services under Sections 211 and 212 under their applicable TFO Tariffs.

Please direct any questions regarding this filing to the undersigned counsel.

Respectfully submitted,



Robert L. Daileader
Counsel to the Applicants

Enclosure

cc: Service List

Michael A. Donnini
Deputy Director, Division of Electric
Power Regulation – Central
Office of Energy Market Regulation

Attachment A
Revised Offer of Settlement

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Southern Cross Transmission LLC) Docket No. TX11-1-001
and Pattern Power Marketing LLC)

OFFER OF SETTLEMENT

Southern Cross Transmission LLC (“SCT”), Pattern Power Marketing LLC (“PPM”), the City of Garland, Texas and its municipally-owned electric utility Garland Power & Light (“Garland”), Oncor Electric Delivery Company LLC (“Oncor”) and CenterPoint Energy Houston Electric, LLC (“CEHE”)(hereinafter referred to individually as a “Party” and collectively as the “Parties”) hereby submit this Offer of Settlement for approval by the Federal Energy Regulatory Commission (“FERC” or the “Commission”), filed as part of SCT and PPM’s Joint Application for an Order Directing a Physical Interconnection of Facilities and Transmission Services Under Sections 210, 211 and 212 of the Federal Power Act (the “Application”) seeking an order (i) directing Garland to provide a physical interconnection of facilities and (ii) directing Oncor and CEHE to provide transmission services under Federal Power Act (“FPA”) Sections 210, 211 and 212.

BACKGROUND

SCT is planning the construction and operation of a high voltage, direct current transmission line providing incremental bi-directional transmission capacity of up to 3000 MW to facilitate power flows between the Electric Reliability Council of Texas, Inc. (“ERCOT”) and the SERC Reliability Corporation (“SERC”) reliability regions (the “Southern Cross Project” or the “Project”). SCT will finance, construct, own, operate and maintain the Project to stretch over a distance of approximately 400 miles from a proposed interconnection with Garland at the

Texas/Louisiana border (*i.e.*, at the eastern border of ERCOT) (the “Western Point of Interconnection”) and end at one or more substations of load serving entities within SERC in Mississippi and/or Alabama (the “Eastern Points of Interconnection”).¹ SCT anticipates that the western converter station of the Project, which will convert alternating current (“AC”) power in ERCOT to direct current (“DC”) power for transmission into SERC as well as converting DC power delivered over the Project from generation in the SERC region to AC power for delivery into ERCOT, will be located in Louisiana adjacent to the Western Point of Interconnection. Interconnection of the Project at the Western Point of Interconnection (the “Garland/SCT Interconnection”) will require (i) the construction by Oncor of interconnection facilities in Rusk County, Texas, (ii) the interconnection of the Oncor and Garland facilities, (iii) the construction of an approximate thirty-mile AC line segment from the Oncor switchyard to the Western Point of Interconnection which will be owned and operated by Garland (the “Garland Transmission Facilities”), and (iv) the interconnection of the Garland Transmission Facilities and the SCT facilities at the Western Point of Interconnection. Attached hereto as Appendix 1 is a diagram depicting the configuration of the facilities to be owned by Oncor, Garland, and SCT in connection with the Garland/SCT Interconnection at the Western Point of Interconnection. The interconnection of the Project to the ERCOT grid will require the execution of an Interconnection Agreement between Oncor and Garland to effect the interconnection of the Oncor switchyard to the Garland AC line segment (the “Oncor/Garland Interconnection Agreement”) and an Interconnection Agreement between Garland and SCT to effect the interconnection of the Project to the Garland AC line (the “Garland/SCT Interconnection Agreement”) at the Western Point of Interconnection. The Project’s eastern converter station

¹ The final size and siting of the Project is subject to change based on regulatory, commercial and technical considerations.

will be constructed at a site in Mississippi where the DC power will be converted back to AC power for delivery over one or more AC lines to one or more existing substations of load serving entities in Mississippi and Alabama. All AC lines will be constructed either by SCT or the interconnecting utilities.

The ERCOT grid is located solely within the state of Texas. The ERCOT grid is not synchronously interconnected to any other reliability council, and any electrical connections that do exist with facilities that permit the interstate flow of electricity have been established and are maintained pursuant to orders issued by the Commission pursuant to FPA Sections 210, 211 and 212.² Pursuant to FPA Section 201, an entity that is not otherwise a “public utility” as defined in the FPA will not become subject to the plenary jurisdiction of the Commission by reason of an order issued under FPA Sections 210, 211 and 212.³

² The ERCOT grid is interconnected to the Southwest Power Pool (“SPP”) through two high voltage, direct current (“HVDC”) interconnections, the North and East interconnections (collectively, the “HVDC Interconnections”). The Commission ordered the establishment of the HVDC Interconnections pursuant to FPA Sections 210, 211 and 212 in Docket Nos. EL79-8 and EL79-8-002. By its order issued in Docket Nos. EL79-8 and E-9558 on October 28, 1981, as corrected by the Errata Notice issued November 5, 1981, 17 FERC ¶ 61,078, and its Order on Rehearing issued January 29, 1982, 18 FERC ¶ 61,100 (the “Original Orders”), the Commission approved a settlement requiring the construction of two asynchronous direct current interconnections between the ERCOT grid and the SPP grid. The Original Orders also required the provision of transmission service to, from and over the interconnections by Central Power and Light Company, West Texas Utilities Company, Public Service Company of Oklahoma and Southwestern Electric Power Company, formerly the CSW Operating Companies and now operating companies of American Electric Power Corporation, Houston Lighting & Power Company (a predecessor of CEHE) and Texas Utilities Electric Company (a predecessor of Oncor). The Original Orders required the construction of a North HVDC Interconnection, which was placed into service in 1984, and a South HVDC Interconnection. In Docket No. EL79-8-002, the Commission approved an Offer of Settlement providing for the construction of a 600 MW East HVDC Interconnection, in lieu of the South HVDC Interconnection. *Central Power and Light Co.*, 40 FERC ¶ 61,077 (1987). In *Kiowa Power Partners, LLC*, 99 FERC ¶ 61,251 (2002), the Commission ordered an interconnection between Oncor Electric Delivery Company, Reliant Energy HL&P (a predecessor of CEHE) and Kiowa Power Partners, LLC. Most recently, in *Brazos Electric Power Coop., Inc.*, 118 FERC ¶ 61,199 (2007), the Commission approved an Offer of Settlement among Brazos Electric Power Cooperative, Inc., TXU Electric Delivery (now Oncor) and CEHE that required the construction of a third asynchronous direct current interconnection between the ERCOT grid and the SPP grid although that interconnection was never built. In addition, the Commission has disclaimed jurisdiction over the construction and operation of transmission facilities connecting two Competitive Renewable Energy Zones with the ERCOT grid in *Cross Texas Transmission, LLC, et al.*, 129 FERC ¶ 61,106 (2009).

³ FPA Section 201(b)(2) states, in relevant part, that: “Compliance with any order or rule of the Commission under the provisions of section ... 210, 211, 211A, [or] 212 ... shall not make an electric utility or other entity
(Footnote continued on next page)

Two of the entities ordered to construct the East HVDC Interconnection and provide transmission service to, from and over the HVDC Interconnections in Docket Nos. EL79-8 and EL79-8-002 were Texas Utilities Electric Company (“TU Electric”) and Houston Lighting & Power Company (“HL&P”). TU Electric owned a 100 MW interest in the East HVDC Interconnection and provided transmission service to, from and over both of the HVDC Interconnections in accordance with an open access Tariff for Transmission Service To, From and Over Certain HVDC Interconnections (a “TFO Tariff”) on file with the Commission.⁴ HL&P owned a 200 MW interest in the East HVDC Interconnection and provided transmission service to, from and over the HVDC Interconnections pursuant to an open access TFO Tariff on file with the Commission.⁵ The Commission’s orders in Docket Nos. EL79-8 and EL79-8-002 provided that compliance with the Commission’s orders would not cause TU Electric, HL&P or any other electric utility or other entity to be subject to the plenary jurisdiction of the Commission as a “public utility” under FPA Section 201, by virtue of Section 201(b)(2) of the FPA.⁶

(Footnote continued from previous page)

subject to the jurisdiction of the Commission for any purposes other than the purposes [of carrying out such provisions and applying the enforcement authorities of the FPA with respect to such provisions].” FPA Section 201(e) provides that “The term ‘public utility’ ... means any person who owns or operates facilities subject to the jurisdiction of the Commission under this Part (other than facilities subject to such jurisdiction solely by reason of section ... 210, 211, 211A, [or] 212 ...).”

⁴ TXU Electric Delivery’s (TU Electric’s successor) TFO Tariff (FERC Electric Tariff, Ninth Revised Volume No. 1) was accepted for filing by letter order issued July 23, 2004 in Docket No. ER04-957-000.

⁵ HL&P’s TFO Tariff (FERC Electric Tariff, Third Volume No. 1) was accepted for filing by order issued October 15, 1997 in Docket No. ER97-2524-000, effective April 14, 1997. *Houston Lighting & Power Co.*, 81 FERC ¶ 61,015 (1997), *order on reh’g*, 83 FERC ¶ 61,181 (1998). Effective August 31, 2002, CEHE succeeded to the TFO Tariff (FERC Electric Tariff, Fifth Revised Volume No. 1). *See CenterPoint Energy Houston Electric, LLC*, Docket Nos. ER02-2555-000 and ER02-2251-000, Letter Order (Nov. 14, 2002).

⁶ *Central Power and Light Co.*, 40 FERC ¶ 61,007, at 61,223. *See supra* note 3.

Effective May 7, 1999, HL&P changed its name to Reliant Energy HL&P. *See Reliant Energy HL&P*, “Notice of Succession,” Docket Nos. ER99-3046-000 and ER97-2524-000 (filed May 25, 1999).

Effective June 14, 1999, TU Electric changed its name to TXU Electric Company (“TXU Electric”). *See TXU Electric Company*, “Notice of Succession,” Docket No. ER99-3295-000 (filed June 18, 1999).

On January 1, 2002, TXU Electric and Reliant Energy HL&P were unbundled pursuant to the mandates of Senate Bill 7, a Texas restructuring statute. All of TXU Electric’s transmission and distribution facilities (including its Commission-jurisdictional facilities and its TFO Tariff) were transferred to TXU Electric Delivery Company, a separate transmission and distribution utility.⁷ CEHE is the successor to the transmission and distribution operations of what had been the integrated utility Reliant Energy HL&P.⁸ Accordingly, CEHE owns transmission and distribution facilities within the ERCOT grid and an interest in the East HVDC Interconnection and provides service pursuant to its TFO Tariff.

On May 8, 2007, TXU Electric Delivery Company changed its name to Oncor Electric Delivery Company. *See Oncor Electric Delivery Company*, “Notice of Succession,” Docket No. ER07-870-000. On October 31, 2007, Oncor Electric Delivery Company became Oncor Electric Delivery Company LLC. *See Oncor Electric Delivery Company LLC*, “Notice of Succession,” Docket No. ER08-114-000.

⁷ In an order dated November 14, 2001, in Docket No. EC02-6-000, 97 FERC ¶ 62,146, the Commission approved the transfer of the jurisdictional assets of TXU Electric and TXU SESCO Company to TXU Electric Delivery on January 1, 2002.

⁸ In an order issued November 30, 2000, the Commission authorized the corporate realignment of Reliant Energy, Incorporated, of which Reliant Energy HL&P is a division, to the extent the corporate realignment caused the transfer of indirect control of the Reliant Energy HL&P affiliates’ jurisdictional facilities. *See Reliant Energy Coolwater, LLC, et al.*, 93 FERC ¶ 62,152 (2000).

As a result of this restructuring and the various Commission orders referenced above, both Oncor and CEHE provide transmission service for transactions that involve the import of power into ERCOT or the export of power out of ERCOT. Service is provided pursuant to Oncor's and CEHE's respective TFO Tariffs on file with the Commission.⁹ Oncor and CEHE each own and operate transmission facilities that are used for the sale of electric energy at wholesale and, as a result of the Commission orders in Docket Nos. EL79-8, EL79-8-002 and TX02-2-000, they each own and operate ERCOT facilities that are used for the transmission of electric energy in interstate commerce and provide transmission services into and out of the ERCOT region under their respective TFO Tariffs. Accordingly, each of Oncor and CEHE qualify as a "transmitting utility" within the meaning of FPA Sections 3(23) and 211(a). Neither Oncor nor CEHE is a "public utility" within the meaning of Section 201(e) of the FPA. With the exception of their ownership interests in Commission-ordered interconnection facilities and their obligation to comply with Commission orders issued pursuant to FPA Sections 210, 211 and 212, Oncor and CEHE are subject to the jurisdiction of the PUCT.

Garland currently owns and operates two gas-fired generating facilities with a combined generating capacity of approximately 603 MW and has an ownership interest with Texas Municipal Power Agency in a 462 MW coal-fired generating station. Garland serves nearly 68,000 electric customers within its municipal boundaries, making it the fourth largest municipal utility in the State of Texas and the forty-second largest in the country. Garland's 2009 peak load was 479 MW. As a result, because it has in the past and continues to engage in the sale of

⁹ Oncor Electric Delivery Company LLC, FERC Electric Tariff, Twelfth Revised Volume No. 1 (effective September 17, 2009); CenterPoint Energy Houston Electric, LLC, FERC Electric Tariff, Sixth Revised Volume No. 1 (effective September 29, 2010).

electric energy within the ERCOT region, Garland qualifies as an “electric utility” within the meaning of FPA Sections 3(22)(A) and 210(a)(1)(A).

SCT is a limited liability company organized under Delaware law for the purpose of developing, financing, constructing, owning and operating the Southern Cross Project. In addition, SCT intends to engage in the purchase and re-sale of electric energy at wholesale from time to time as necessary to meet the definition of an “electric utility” under the FPA. In so doing, SCT commits to comply with the Commission’s Standards of Conduct to ensure the functional separation of its transmission and power marketing activities. As a result, SCT will qualify as an “electric utility” within the meaning of FPA Sections 3(22)(A), 210(a)(1) and 211(a).

PPM is a limited liability company organized under Delaware law for the purpose of purchasing and aggregating wind power supplies with ERCOT for sale to load serving entities within the SERC and is expected to utilize the transmission capacity made available by the Southern Cross Project to transact with load serving entities within SERC. As a result, PPM will qualify as an “electric utility” within the meaning of FPA Sections 3(22)(A), 210(a)(1) and 211(a).

SCT seeks a Commission order directing the establishment of the Garland/SCT Interconnection within the ERCOT grid at the Western Point of Interconnection. PPM, on behalf of itself and other entities that will be eligible customers under Oncor’s TFO Tariff and CEHE’s TFO Tariff, seeks a Commission order directing Oncor and CEHE to provide transmission service under their respective TFO Tariffs to facilitate the movement of electricity between the ERCOT and SERC regions. Garland has indicated that it is willing to provide the requested interconnection and Oncor and CEHE have indicated that they are willing to provide the

requested transmission service, in both cases, only if SCT and PPM obtain an order from the Commission directing the interconnection and transmission services pursuant to FPA Sections 210, 211 and 212 and maintaining the jurisdictional status quo for ERCOT and entities within the ERCOT region by unequivocally confirming that the Commission will *not* assert jurisdiction over any of the ERCOT entities that are not otherwise public utilities under the FPA for any purposes other than the purposes of carrying out the provisions of Sections 210, 211 and 212.

SCT and PPM have engaged in negotiations with Garland, Oncor, and CEHE, and the Parties have resolved the primary issues concerning the interconnection and transmission services requested herein. The Parties have reached agreement on the rates, cost allocation, terms and conditions under which Garland will interconnect with the Project and under which Oncor and CEHE will provide transmission services pursuant to the terms and conditions of their respective TFO Tariffs. In addition, because the interconnection of Garland's AC transmission line to the Oncor switchyard is an essential part of the interconnection of the Project to the ERCOT grid, the Parties have also reached agreement on the rates, cost allocation, terms and conditions under which Oncor will interconnect the Garland's AC transmission line to its system. Those discussions have culminated in the preparation of this Offer of Settlement.¹⁰

Accordingly, SCT and PPM have filed with the Commission a Joint Application under FPA Sections 210, 211 and 212 seeking an order from the Commission requiring (i) Garland to interconnect the Garland Transmission Facilities within the ERCOT grid to the Project and (ii)

¹⁰ As of the filing of this Offer of Settlement, the interconnection and related reliability studies to identify the facilities needed in order to effect the Oncor/Garland and Garland/SCT interconnections are still underway. As a result, the final identification of the interconnection facilities will become known following the completion of all required studies. Thus, the Parties propose to execute the Oncor/Garland Interconnection Agreement and the Garland/SCT Interconnection Agreement after the Commission issues a final order no longer subject to judicial review ordering Oncor and CEHE to provide transmission services consistent in all respects with this Settlement Agreement and upon the completion of the appropriate studies and the final identification of the necessary interconnection facilities.

Oncor and CEHE to provide transmission services for power flows into and out of the ERCOT grid pursuant to their respective TFO Tariffs.

THE SETTLEMENT PROPOSAL

This Offer of Settlement provides for the execution of the Oncor/Garland Interconnection Agreement (attached hereto as Appendix 1) setting forth the terms and conditions that will govern the interconnection of the Garland Transmission Facilities with Oncor's interconnecting transmission facilities and the allocation of cost responsibility between Garland and Oncor. The terms and conditions in the Oncor/Garland Interconnection Agreement are in accordance with the terms and conditions that apply to the interconnection of facilities in the ERCOT grid. In brief, the Oncor/Garland Interconnection Agreement provides for: (1) certain specified interconnection facilities that will be owned, operated and maintained by Garland and (2) certain specified interconnection facilities that will be owned, operated and maintained by Oncor. SCT has agreed to back-stop Garland's financial obligations, if any, under the Oncor/Garland Interconnection Agreement. The Oncor/Garland Interconnection Agreement will be governed by, and subject to, the rules and regulations of the Public Utility Commission of Texas (the "PUCT").

This Offer of Settlement provides for the execution of the Garland/SCT Interconnection Agreement (attached hereto as Appendix 2) setting forth the terms and conditions that will govern the interconnection of the Garland Transmission Facilities with the Southern Cross Project at the Western Point of Interconnection within the State of Texas, including the facilities that will be owned, operated and maintained by Garland and SCT, respectively, and the allocation of cost responsibility between Garland and SCT. The terms and conditions in the

Garland/SCT Interconnection Agreement are in accordance with the terms and conditions that apply to the interconnection of facilities in the ERCOT grid. In brief, the Garland/SCT Interconnection Agreement provides for: (1) certain specified interconnection facilities that will be owned, operated and maintained by Garland and (2) certain specified interconnection facilities that will be owned, operated and maintained by SCT. Garland further agrees that it will not seek to recover from wholesale or retail customers in Texas the costs incurred in constructing the interconnection facilities identified in the Garland/SCT Interconnection Agreement. The Garland/SCT Interconnection Agreement will be governed by, and subject to, the rules and regulations of the PUCT.

The Application also requests that the Commission direct Oncor and CEHE to provide transmission services to PPM and other entities eligible to take service under Oncor's and CEHE's respective TFO Tariffs for power flows into and out of the ERCOT grid over the Garland Transmission Facilities and the Project. Accordingly, the Parties have agreed that, subject to the Commission's approval of this Offer of Settlement, Oncor and CEHE will provide transmission services for power flows into and out of the ERCOT grid pursuant to their respective TFO Tariffs for PPM and any other entity that is an eligible customer under the TFO Tariff.

Upon the Commission's approval of this Offer of Settlement, Oncor and CEHE agree to make compliance filings to modify their respective TFO Tariffs to apply to the import or export of power over the Garland Transmission Facilities and the Project into and out of the ERCOT grid at the same rates and on the same terms and conditions under which Oncor and CEHE currently provide transmission services under their respective TFO Tariffs. SCT and PPM agree

that neither will oppose, or directly or indirectly support any opposition to, such amendments to Oncor's and CEHE's TFO Tariffs.

CONDITIONS ON THE OFFER OF SETTLEMENT

The Offer of Settlement is submitted by the undersigned on the conditions that, in the event the Commission does not accept the Offer of Settlement by the issuance of a Commission order consistent in all material respects with the draft Final Order Directing Interconnection and Transmission Services and Approving Settlement (attached hereto as Appendix 3), without material change or modification and without hearing or material investigation, then (1) any of the Parties will have the right, on written notice to the others, to terminate the Offer of Settlement, in which case the Offer of Settlement will be deemed withdrawn and will not constitute part of the record in these or any other proceeding or be used for any other purpose, and (2) the Parties agree that Garland, Oncor and CEHE will have an opportunity to respond to the Application in any manner they deem appropriate at the time as if the Offer of Settlement had never been executed and filed, and SCT and PPM will not object to such responses on the basis that they are not timely filed. These conditions are a part of the Offer of Settlement, not to foreclose full consideration and evaluation by the Commission, but because the operative documents, which the Parties believe the Commission will find to be in the public interest, are such that any modifications thereto could have the effect of changing the agreement of the Parties, which compromises and settles a number of complex issues. In particular, the Parties acknowledge that an essential element of the agreement between the Parties memorialized in this Offer of Settlement is the issuance of a Commission order in this proceeding which contains the following ordering paragraphs, consistent with the Commission's prior orders in Docket Nos. EL79-8, EL79-8-002, TX02-2-000 and TX07-1-000.

- (A) Each of the parties listed in Appendix A hereto is granted leave to intervene in this proceeding [or other appropriate language addressing interventions].
- (B) Oncor shall construct, or cause to be constructed, certain interconnection facilities identified through the ongoing facilities study as necessary to provide transmission services by connecting the Oncor transmission system with the Garland Transmission Facilities (“Oncor-Garland Interconnection”) (such facilities to be more fully described in the Oncor/Garland Interconnection Agreement attached as Appendix 1 to the Offer of Settlement filed as part of the Application) so as to permit the delivery of electric energy over the Garland Transmission Facilities and the Southern Cross Project into and out of the ERCOT grid.
- (C) Garland shall construct, or cause to be constructed, the facilities identified through the ongoing interconnection and related reliability studies as necessary to connect the Garland Transmission Facilities with the Project facilities of SCT at the Interconnection (“Garland-SCT Interconnection”) (such facilities to be more fully described in the Garland/SCT Interconnection Agreement attached as Appendix 2 to the Offer of Settlement filed as part of the Application) so as to permit the delivery of electric energy over the Garland Transmission Facilities and the Southern Cross Project into and out of the ERCOT grid.
- (D) Garland shall interconnect with SCT at the Garland/SCT Interconnection in order to permit or to facilitate the transmission, purchase, sale, exchange, coordination or commingling of electric energy in interstate commerce into and out of the ERCOT grid over the Garland Transmission Facilities and the Project or within the ERCOT grid by or for SCT, PPM, or any other entity, in accordance with Ordering Paragraph (K). Garland and SCT will maintain and use such Interconnection for any purpose, except in and during emergencies as determined by Garland, Oncor, or ERCOT, or except when otherwise ordered by a governmental entity with putative authority, regardless of the source of the electric power in interstate commerce.
- (E) Ownership or use of the Garland-SCT Interconnection, including the rights and obligations established under this Offer of Settlement and under the Garland/SCT Interconnection Agreement, may be transferred at any time without further order of the Commission. In the event of a change of ownership or control of the Garland Transmission Facilities, or any part thereof, whether by sale, transfer, assignment or otherwise, the terms and conditions of this Order shall continue to apply, without prejudice to the non-jurisdictional status of ERCOT, Oncor, CEHE, and other ERCOT utilities or entities set forth in Ordering Paragraph (L).
- (F) Garland and SCT shall operate the Garland-SCT Interconnection for any purpose, including the purchase, sale, exchange, transmission, coordination, commingling, or transfer of electric energy in interstate commerce in compliance with all applicable ERCOT and PUCT requirements.

- (G) Oncor shall provide transmission services by interconnecting with Garland at the Oncor-Garland Interconnection in order to permit or to facilitate the transmission, purchase, sale, exchange, coordination or commingling of electric power in interstate commerce into and out of the ERCOT grid over the Oncor transmission system or within the ERCOT grid by or for SCT, PPM, or any other entity, in accordance with Ordering Paragraph (K). Garland and Oncor will maintain and use such Oncor-Garland Interconnection for any purpose, except in and during emergencies as determined by Garland, Oncor, or ERCOT, or except when otherwise ordered by a governmental entity with putative authority, regardless of the source of the electric power in interstate commerce.
- (H) Ownership or use of the Oncor-Garland Interconnection, including the rights and obligations established under the Offer of Settlement and under the Oncor/Garland Interconnection Agreement, may be transferred at any time without further order of the Commission. In the event of a change of ownership or control of the Oncor interconnection facilities, or any part thereof, whether by sale, transfer, assignment or otherwise, the terms and conditions of this Order shall continue to apply, without prejudice to the non-jurisdictional status of ERCOT, Oncor, CEHE, and other ERCOT utilities or entities set forth in Ordering Paragraph (L).
- (I) Oncor and Garland shall operate the Oncor-Garland Interconnection for any purpose, including the purchase, sale, exchange, transmission, coordination, commingling, or transfer of electric energy in interstate commerce in compliance with all applicable ERCOT and PUCT requirements.
- (J) The use and operation of the Garland Transmission Facilities shall not affect the non-jurisdictional status of ERCOT, Oncor, CEHE, or any other ERCOT utilities or entities set forth in Ordering Paragraph (L) not currently subject to the Commission's jurisdiction for any purposes other than for the purpose of carrying out the provisions of Sections 210, 211 and 212 of the FPA.
- (K) In connection with the Southern Cross Project, Oncor and CEHE shall transmit power into and out of the ERCOT grid at the rates and under the terms and conditions set forth in Oncor's and CEHE's respective TFO Tariffs, except that each such tariff shall be modified as necessary to comply with this Order, for PPM or any other entity that is an eligible customer under the TFO Tariff. Oncor and CEHE shall make compliance filings to modify their respective TFO Tariffs to apply to the import or export of power over the Garland Transmission Facilities and the Southern Cross Project into or out of the ERCOT grid at the Western Point of Interconnection at the same rates and on the same terms and conditions under which Oncor and CEHE currently provide transmission services under their respective TFO Tariffs. Such modified TFO Tariffs shall be filed with the Commission as compliance filings no earlier than one hundred and twenty (120) days and no later than sixty (60) days prior to when the Oncor-Garland Interconnection and Garland Transmission Facilities are expected to be energized.

- (L) Compliance with this Order and the Offer of Settlement shall not make ERCOT, Oncor, CEHE, or any other ERCOT utility or other entity a “public utility” as that term is defined by Section 201 of the FPA and subject to the jurisdiction of the Commission for any purpose other than for the purpose of carrying out the provisions of Sections 210, 211 and 212 of the FPA.
- (M) As a result of compliance with this Order and the Offer of Settlement, the ERCOT grid boundary shall be extended to that point within the State of Texas at which the Garland Transmission Facilities interconnect with the Southern Cross Project at the Western Point of Interconnection at the Texas/Louisiana border. The use and operation of the Garland Transmission Facilities shall not affect the non-jurisdictional status of ERCOT, Oncor, CEHE, or any other electric utility or other entity within the ERCOT grid not currently subject to the Commission’s jurisdiction for any purposes other than for the purpose of carrying out the provisions of Sections 210, 211 and 212 of the FPA.
- (N) As a result of this Order, Oncor and CEHE may be or will be operating in interstate commerce by virtue of the interconnection required by this Order and the transmission, purchase, sale, exchange, coordination or commingling of electric power to, from or within the ERCOT grid, including the ownership or use of facilities therefore, or by virtue of the synchronous or asynchronous operation of electromagnetic unity of response of interconnected electric facilities; Oncor and CEHE, however, shall not be subject to jurisdiction under Section 201 of the FPA by virtue of Section 201(b)(2) of the FPA.
- (O) In the event any entity outside of ERCOT is determined to be subject to jurisdiction as a public utility under the FPA as a direct or indirect result of the flow of electric energy through the Garland Transmission Facilities and the Southern Cross Project, such jurisdiction shall not affect the non-jurisdictional status of Oncor, CEHE, ERCOT, or other ERCOT entities.
- (P) Since the Parties have already agreed on the terms and conditions upon which this Order is to be carried out, including determination of the associated cost responsibility between them and the compensation or reimbursement reasonably due to them, no proposed order pursuant to Section 212(c) of the FPA is necessary. The Commission approves the Offer of Settlement and, pursuant to Section 212(c)(2)(A) of the FPA, the terms and conditions of the Offer of Settlement relating to cost responsibility, compensation and reimbursement as set forth therein are hereby incorporated in this Order.
- (Q) This Order is a final order, effective upon the date of issuance.

The Offer of Settlement shall not become effective until an order of the Commission approving the Offer of Settlement and adopting the draft Final Order Directing Interconnection

and Transmission Services and Approving Settlement, attached hereto as Appendix 3 and incorporated herein by reference, becomes final and is no longer subject to judicial review.

The Parties have agreed on the rates, cost allocation, terms and conditions upon which the draft Final Order Directing Interconnection and Transmission Services and Approving Settlement is to be carried out, including the apportionment of costs between them and the compensation or reimbursement reasonably due to each of them.

This Offer of Settlement includes and incorporates herein by reference as if fully set out in the Offer of Settlement, as Appendix 1, the unexecuted Interconnection Agreement between Oncor and Garland, as Appendix 2, the unexecuted Interconnection Agreement between Garland and SCT and, as Appendix 3, the draft Final Order Directing Interconnection and Transmission Services and Approving Settlement, which contain all of the terms and conditions of the Offer of Settlement that is being offered in this proceeding.

Approval of this Offer of Settlement will constitute a waiver of any and all Commission rules and regulations that may be necessary to affect this Offer of Settlement in accordance with its terms.

This Offer of Settlement may be executed in multiple counterparts, each of which shall be deemed an original, but all shall constitute one and the same instrument.

CONCLUSION

WHEREFORE, for the foregoing reasons, the undersigned Parties request that the Commission approve the Offer of Settlement and adopt the Proposed Order Directing Interconnection and Transmission Services and Approving Settlement attached hereto.

Respectfully submitted,

Southern Cross Transmission LLC

By: [Signature]

Name: Dana PARQUEE

Title: Authorized Signatory

Pattern Power Marketing LLC

By: [Signature]

Name: **Daniel M. Elkort**
Authorized Signatory

Title: _____

City of Garland, Texas and Garland Power & Light

By: [Signature]

Name: William E. Dollar

Title: City Manager

Oncor Electric Delivery Company LLC

By: _____

Name: _____

Title: _____

CenterPoint Energy Houston Electric, LLC

By: _____

Name: _____

Title: _____

CONCLUSION

WHEREFORE, for the foregoing reasons, the undersigned Parties request that the Commission approve the Offer of Settlement and adopt the Proposed Order Directing Interconnection and Transmission Services and Approving Settlement attached hereto.

Respectfully submitted,

Southern Cross Transmission LLC

By: [Signature]

Name: Daniel Pappas

Title: Authorized Signatory

Pattern Power Marketing LLC

By: [Signature]

Name: Daniel M. Elkort
Authorized Signatory

Title: _____

City of Garland, Texas and Garland Power & Light

By: [Signature]

Name: William E. Dollar

Title: City Manager

Oncor Electric Delivery Company LLC

By: _____

Name: _____

Title: _____

CenterPoint Energy Houston Electric, LLC

By: [Signature]

Name: DEANN T. WALKER

Title: ASSOCIATE GENERAL COUNSEL

CONCLUSION

WHEREFORE, for the foregoing reasons, the undersigned Parties request that the Commission approve the Offer of Settlement and adopt the Proposed Order Directing Interconnection and Transmission Services and Approving Settlement attached hereto.

Respectfully submitted,

Southern Cross Transmission LLC

By: _____

Name: _____

Title: _____

Pattern Power Marketing LLC

By: _____

Name: _____

Title: _____

City of Garland, Texas and Garland Power & Light

By: _____

Name: _____

Title: _____

Oncor Electric Delivery Company LLC

By: Charles W. Jenkins III

Name: Charles W. Jenkins III

Title: SVP & COO

CenterPoint Energy Houston Electric, LLC

By: _____

Name: _____

Title: _____

Appendix 1

Final, Unexecuted Oncor/Garland Interconnection Agreement

INTERCONNECTION AGREEMENT

This Agreement is made and entered into this ___ day of _____, _____, by and between The City of Garland (“GPL”) and Oncor Electric Delivery Company LLC (“Oncor”) each sometimes hereinafter referred to individually as “Party” or both referred to collectively as “Parties.”

WITNESSETH

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

WHEREAS, the Parties desire to interconnect their respective electric systems in the respects and under the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and conditions herein set forth, the Parties agree as follows:

ARTICLE I – EFFECTIVE DATE AND TERM

This Agreement shall become effective on the date first set forth above and shall continue in effect thereafter until terminated in accordance with its terms.

ARTICLE II – OBJECTIVE AND SCOPE

2.1 It is the intent of the Parties, by this Agreement, to state the terms and conditions under which the Parties’ electric systems will be interconnected and to identify the facilities and equipment provided by each Party at the Point of Interconnection.

2.2 This Agreement shall apply to the ownership, design, construction, control, operation, and maintenance of those facilities that are specifically identified and described in Exhibit A.

ARTICLE III – DEFINITIONS

For purposes of this Agreement, the following definitions shall apply:

3.1 Agreement shall mean this Agreement with all schedules and attachments hereto, and any schedules and attachments hereafter added by amendment to this Agreement.

3.2 ANSI Standards shall mean the American National Standards Institute Standards in effect at the time the Point of Interconnection is constructed.

3.3 ERCOT shall mean the Electric Reliability Council of Texas, Inc., or its successor in function.

3.4 ERCOT Requirements shall mean the ERCOT Operating Guides, ERCOT Protocols, as well as any other binding documents adopted by ERCOT relating to the interconnection and operation of electric systems in ERCOT, including any amendments of those Guides, Protocols, and binding documents that are adopted by ERCOT from time to time, and any successors thereto.

3.5 Good Utility Practice shall have the meaning ascribed thereto in PUCT Rule 25.5(56) or its successor.

3.6 IEEE Standards shall mean the Institute of Electrical and Electronic Engineers Standards in effect at the time the Point of Interconnection is constructed.

3.7 NERC shall mean the North American Electric Reliability Corporation or its successor in function.

3.8 NERC Reliability Standards shall mean the electric reliability standards enforced by NERC and applicable to the Parties to this Agreement.

3.9 NESC shall mean the National Electrical Safety Code in effect at the time the Point of Interconnection is constructed.

3.10 Person shall mean any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity.

3.11 Point of Interconnection shall mean the point of interconnection described in Exhibit A where the electrical systems of the Parties are connected or may, by the closure of normally open switches, be connected, such that electric power may flow in either direction.

3.12 PUCT shall mean the Public Utility Commission of Texas or its successor in function.

ARTICLE IV – ESTABLISHMENT OF POINT OF INTERCONNECTION

4.1 The Parties agree to interconnect their facilities at the Point of Interconnection in accordance with the terms and conditions of this Agreement.

4.2 The Parties agree to cause their facilities being constructed in conjunction with the establishment of the Point of Interconnection; to be designed and constructed in accordance with (a) Good Utility Practice, (b) applicable laws and regulations, (c) the applicable provisions of the NERC Reliability Standards and ERCOT Requirements, and (d) the applicable provisions of the following standards in effect at the time of construction of the Point of Interconnection: NESC; ANSI Standards; and IEEE Standards.

4.3 Each Party will design its system protection facilities to isolate any fault occurring on its system that would negatively affect the other Party's system at the Point of Interconnection in accordance with applicable ERCOT Requirements and NERC Reliability Standards. The protection schemes used by the Parties at the Point of Interconnection will be determined by both Parties in a cooperative effort to achieve system coordination. Prior to commissioning the Point of Interconnection, both Parties will perform a complete calibration test and functional trip test of their respective system protection equipment including communication circuits between facilities.

ARTICLE V - SYSTEM OPERATION AND MAINTENANCE

5.1 The Parties agree to cause their facilities at the Point of Interconnection, and their other facilities having, or which may reasonably be expected to have, an impact upon the facilities of the other Party to be operated and maintained in accordance with Good Utility Practice, applicable laws and regulations, and the applicable provisions of the ERCOT Requirements and NERC Reliability Standards.

5.2 If either Party proposes to make equipment changes or additions to (a) its equipment at the Point of Interconnection (including its system protection equipment) or (b) its system protection equipment at any other location that may affect the operation or performance of the other Party's facilities at the Point of Interconnection ("Changes"), such Party agrees to notify the other Party, in writing, in advance of making such proposed Changes, and the Parties will coordinate and cooperate on the assessment of the impact of such Changes on the electric systems of the Parties and the identification of any required mitigation measures (including but not limited to new or upgraded facilities). Those Changes will not be made until the required aforementioned mitigation measures have been implemented. The Parties will communicate with each other with respect to other equipment changes or additions in accordance with applicable ERCOT Requirements and NERC Reliability Standards.

5.3 A Party may interrupt service at the Point of Interconnection in accordance with applicable laws, regulations, and ERCOT Requirements.

5.4 Each Party will establish and maintain a control center that shall be staffed 24 hours per day, 7 days per week, with personnel capable of making operating decisions and possessing the ability to effect control of its transmission facilities at the Point of Interconnection (or make appropriate arrangements for a third party to establish and maintain such a control center on its behalf). For purposes of voice communications between the Parties' transmission control centers, phone numbers will be exchanged and each Party will be notified of changes.

5.5 Neither Party will take any action that would cause the other Party that is not a "public utility" under the Federal Power Act to become a "public utility" under the Federal Power Act or become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission.

5.6 In the event that the Federal Energy Regulatory Commission or any court with jurisdiction issues an order or decision that has the effect of making void a prior order issued by the Federal Energy Regulatory Commission that disclaimed jurisdiction over ERCOT, Oncor, GPL, CenterPoint Energy Houston Electric, LLC ("CenterPoint") and other ERCOT utilities in

connection with the creation of an interconnection between ERCOT and another reliability region covered by this agreement, the Parties shall have the right, and shall coordinate their efforts, to immediately disconnect the Point of Interconnection if disconnection is necessary to prevent ERCOT, Oncor, GPL, CenterPoint or other ERCOT utilities from becoming subject to the plenary jurisdiction of the Federal Energy Regulatory Commission. The Point of Interconnection disconnected pursuant to this paragraph shall be immediately reconnected upon the issuance of a subsequent emergency, interim, or permanent order by the Federal Energy Regulatory Commission addressing the interconnection and disclaiming jurisdiction.

ARTICLE VI – INDEMNIFICATION

6.1 Notwithstanding the provisions of Article X but subject to Section 12.2, each Party (the “Indemnifying Party”) shall assume all liability for, and shall indemnify the other Party (the “Indemnified Party”) for, any third party losses resulting from negligence or other fault in the design, construction, or operation of their respective facilities. Losses shall include costs and expenses of defending an action or claim made by a third Person, payments for damages related to the death or injury of any individual, and payments by the Indemnified Party for damages to the property of a third Person, and damages payable by the Indemnified Party for the disruption of the business of a third Person. This Section 6.1 does not create a liability on the part of either Party to a retail customer or other third Person, but requires indemnification where such liability exists. The indemnification required under this Section 6.1 does not include responsibility for either Party’s costs and expenses of prosecuting or defending an action or claim against the other Party or damages for the disruption of such Party’s business. The limitations on liability set forth in this Section 6.1 do not apply in cases of gross negligence or intentional wrongdoing.

6.2 GPL’s liability under Section 6.1, above, is expressly limited to amounts payable under the insurance policy, including self-insurance, described in, and required to be maintained by GPL pursuant to Section 6.3 below.

6.3 Prior to taking ownership of any facilities associated with the Point of Interconnection, GPL shall obtain and maintain in force, or cause to be obtained and maintained in force, throughout the period of this Agreement, through self-insurance (for which GPL maintains a reserve fund), or with insurers that maintain an AM Best’s rating of at least “A-X” (or such carriers that are otherwise acceptable to Oncor) and that are authorized to do business in Texas, or through a combination of self-insurance and insurance provided by insurers meeting such qualifications, insurance for personal injury, bodily injury, including death and property damage as follows:

- a) Workers’ Compensation Insurance to the extent of statutory limits and Occupational Disease and Employer’s Liability Insurance not less than \$500,000 each accident, \$500,000 by disease policy limit, \$500,000 by disease each employee.
- b) Commercial General Liability Insurance, written on an occurrence form including but not limited to Products and Completed Operations, Broad Form Contractual Liability, Bodily Injury and Property Damage, Personal Injury and Advertising Injury as applicable to GPL’s obligations under this Agreement with limits not less than \$1,000,000 each occurrence and \$2,000,000 aggregate.

- c) Automobile Liability Insurance with limits not less than \$1,000,000 combined single limit for any occurrence. This coverage shall include coverage for but not limited to the following: (1) bodily injury and property damage and (2) any and all vehicles owned, used, or hired.
- d) Pollution Liability covering claims from third-party injury and property damage as a result of pollution conditions arising out of GPL's obligations under this Agreement with limits not less than \$1,000,000 each occurrence and \$2,000,000 aggregate
- e) Excess Liability Insurance covering employer's liability, Commercial General Liability, Automobile Liability, and Pollution Liability each to a limit of not less than \$20,000,000 each occurrence and \$20,000,000 aggregate.

6.4 All of GPL's policies of insurance referred to in this Agreement (excluding self-insurance), shall specify that they are primary and not excess over or on a contributing basis with any other insurance or self-insurance. Oncor shall be named as additional insured on the Commercial General Liability, Automobile Liability and Excess Liability policies to the extent of the insurance limits specified herein. Upon securing the insurance required by this Agreement, and annually thereafter, GPL shall provide Oncor with a certificate of insurance, evidencing the coverage required by this Agreement and providing that such policies may not be canceled or materially changed without 30 days' prior written notice to Oncor. All of GPL's policies of insurance referred to in this Agreement, shall include a severability of interest clause or cross-liability clause. All of GPL's policies of insurance shall include a waiver of subrogation in favor of Oncor.

6.5 Oncor's obligation as an Indemnifying Party under Section 6.1, above, is limited to the same per occurrence and aggregate dollar limits as apply to GPL as an Indemnifying Party under Section 6.1, above, and as more fully described in Section 6.3 above.

6.6 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

ARTICLE VII –NOTICES

7.1 Any notices, claims, requests, demands or other communications between the Parties hereunder, including but not limited to a notice of termination, notice of default, request for amendment, change to the Point of Interconnection, shall be (a) forwarded to the designees listed below for each Party, (b) deemed properly given if delivered in writing, and (c) deemed duly delivered when (i) delivered if delivered personally or by nationally recognized overnight courier service (costs prepaid), (ii) sent by facsimile or electronic mail with confirmation of transmission by the transmitting equipment (or, the first business day following such transmission if the date of transmission is not a business day), or (iii) received or rejected by the addressee, if sent by U.S. certified or registered mail, return receipt requested; in each case to the following addresses, facsimile numbers or electronic mail addresses and marked to the attention of the individual (by name or title) designated below:

If to GPL:

If to Oncor:

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

ARTICLE VIII - SUCCESSORS AND ASSIGNS

8.1 Subject to the provisions of Section 8.2 below, this Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the respective Parties.

8.2 Neither Party shall assign, directly or indirectly by operation of law or otherwise, any of its rights or obligations under this Agreement in whole or in part without the prior written consent of the other Party. Such consent shall not be unreasonably withheld, conditioned, or delayed, provided that neither Party will be required to consent to any assignment that would (a) subject it to additional federal or state regulation; (b) result in the imposition of additional costs of administration that the Party requesting consent to assignment does not agree to reimburse; or (c) in any way diminish the reliability of its system, enlarge its obligations, or otherwise create or maintain an unacceptable condition. Notwithstanding the foregoing, a Party may assign, without the consent of the other Party, its interest in this Agreement, in whole or in part, (a) to a successor to all or a substantial portion of the Party's transmission business; (b) to any transmission service provider (including an affiliate of the assigning Party) with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; or (c) for collateral security purposes in connection with any financing or financial arrangements. The respective obligations of the Parties under this Agreement may not be changed, modified, amended, or enlarged, in whole or in part, by reason of any direct or indirect assignment, including pursuant to the sale, merger, or other business combination of either Party with any other Person. Any attempted assignment that violates this Section 8.2 shall be void and ineffective *ab initio*. Any assignment of this Agreement shall not relieve a Party of its obligations hereunder without the written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed.

8.3 This Agreement is not intended to and shall not create rights of any character whatsoever in favor of any Persons other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties.

ARTICLE IX – GOVERNING LAW AND REGULATION

9.1 This Agreement was executed in the State of Texas and must in all respects be governed by, interpreted, construed, and enforced in accordance with the laws thereof except as to matters exclusively controlled by the Constitution and statutes of the United States of America. This Agreement is subject to all valid applicable federal, state, and local laws, ordinances, rules, regulations, orders, and tariffs of, or approved by, duly constituted regulatory or other governmental authorities having jurisdiction.

9.2 This Agreement and all obligations hereunder, are expressly conditioned upon obtaining all required approvals, authorizations, or acceptances for filing by any regulatory authority whose approval, authorization or acceptance for filing is required by law. Each Party agrees to use reasonable efforts and due diligence to obtain each required approval, authorization or acceptance for filing and such obligation will be deemed satisfied only when each required approval, authorization or acceptance for filing is obtained or all available administrative remedies have been exhausted. Both Parties hereby agree to support the approval of this Agreement before such regulatory authority and to provide such documents, information, and opinions as may be reasonably required or requested by either Party in the course of approval proceedings. In the event a necessary approval or authorization or acceptance for filing by the regulatory authority is denied or rejected, the Parties will jointly determine whether, and under what conditions, filing an appeal of the action by the regulatory authority is reasonable and appropriate.

ARTICLE X – DEFAULT AND FORCE MAJEURE

10.1 The term “Force Majeure” as used herein shall mean any cause beyond the reasonable control of the Party claiming Force Majeure, and without the fault or negligence of such Party, which materially prevents or impairs the performance of such Party’s obligations hereunder, including but not limited to, storm, flood, lightning, earthquake, fire, explosion, failure or imminent threat of failure of facilities, civil disturbance, strike or other labor disturbance, sabotage, war, national emergency, or restraint by any federal, state, local or municipal body having jurisdiction over a Party. For purposes of this Article X, GPL is not a municipal body having jurisdiction over a Party.

10.2 Neither Party shall be considered to be in Default (as hereinafter defined) with respect to any obligation hereunder, other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Section shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due

diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

ARTICLE XI- TERMINATION ON DEFAULT

11.1 The term "Default" shall mean the failure of either Party to perform any obligation in the time or manner provided in this Agreement. No Default shall exist where such failure to discharge an obligation is excused pursuant to Section 11.2 or is the result of an act or omission of the other Party or any of its agents. Upon discovery of a Default, the non-defaulting Party may give notice of such Default to the defaulting Party. Except as provided in Section 11.2, the defaulting Party shall have thirty (30) days from receipt of the Default notice within which to cure such Default; provided, however, if such Default is not capable of cure within thirty (30) days, the defaulting Party shall commence such cure within twenty (20) days after receipt of the Default notice and continuously and diligently exercise its efforts to complete such cure within ninety (90) days from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

11.2 If a Default is not cured as provided in Section 11.1, or if a Default is not capable of being cured within the period provided for therein, the non-defaulting Party shall have the right, subject to receipt of any regulatory approvals required by applicable law, (a) to terminate, in its sole discretion, by written notice at any time until cure occurs this Agreement and disconnect the Point of Interconnection, (b) to be relieved of any further obligation hereunder (other than obligations associated with its own Defaults, if any, occurring prior to termination) if that Party shall have elected to terminate this Agreement and (c), whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due and receive all other remedies to which it is entitled hereunder. The provisions of this Section 11.2 will survive termination of this Agreement.

11.3 The failure of a Party to insist, on any occasion, upon strict performance of this Agreement will not be considered to waive the obligations, rights, or duties imposed upon the Parties by this Agreement.

ARTICLE XII- MISCELLANEOUS PROVISIONS

12.1 Any undertaking by a Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of that Party to the public or to the other Party, and it is understood and agreed that any such undertaking shall cease upon the termination of this Agreement.

12.2 NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY BE LIABLE UNDER ANY PROVISION OF THIS AGREEMENT FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFIT OR REVENUE, LOSS OF THE USE OF EQUIPMENT, COST OF CAPITAL, COST OF TEMPORARY EQUIPMENT OR SERVICES, WHETHER BASED IN WHOLE OR IN PART IN CONTRACT OR 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 (OR TO ANY THIRD PARTY) WILL NOT BE CONSIDERED TO BE SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES HEREUNDER.

12.3 This Agreement is applicable only to the interconnection of the facilities of the Parties at the Point of Interconnection and does not obligate either Party to provide, or entitle either Party to receive, any service not expressly provided for herein. Each Party is responsible for making the arrangements necessary to receive any other service that either Party may desire from the other Party or any third party.

12.4 This Agreement constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the facilities of the Parties at the Point of Interconnection expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) between the Parties with regard to the subject matter hereof if not set forth or provided for herein. This Agreement replaces all other agreements and undertakings, oral and written, between the Parties with regard to the subject matter hereof, and all such agreements and undertakings are agreed by the Parties to no longer be of any force or effect. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein; such agreements are unaffected by this Agreement.

12.5 This Agreement shall not affect the obligations or rights of either Party with respect to other agreements (other than those specifically superseded by Section 12.4). Each Party represents to the other that there is no agreement or other obligation binding upon it, which, as such Party is presently aware, would limit the effectiveness or frustrate the purpose of this Agreement.

12.6 This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced in writing and executed by the Parties.

12.7 If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement.

12.8 The descriptive headings of the various sections of this Agreement have been inserted for convenience of reference only and are to be afforded no significance in the interpretation or construction of this Agreement.

12.9 This Agreement will be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

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

CITY OF GARLAND

**ONCOR ELECTRIC DELIVERY
COMPANY LLC**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A

1. Name: Rusk County Switching Station
2. Point of Interconnection location: There will be two (2) Points of Interconnection located outside Oncor's Rusk County Switching Station ("Rusk County Switch") fence. Rusk County Switch will be constructed in Rusk County, Texas at the location shown on the Location Map attached hereto as Attachment 2 and on the "Confidential" Property Layout attached hereto as Attachment 3. The Points of Interconnection will be located at: (i) GPL's north 345 kV dead-end structure located outside the Rusk County Switch fence; and (ii) GPL's south 345 kV dead-end structure located outside the Rusk County Switch fence. More specifically, the Points of Interconnection shall be defined as the points where GPL's jumpers at GPL's dead-end structures physically connect GPL's circuits to Oncor's slack spans that extend from GPL's dead-end structures to Oncor's dead-end structures inside Rusk County Switch.
3. Delivery voltage: 345 kV
4. Metering (voltage, location, losses adjustment due to metering location, and other): None
5. Normally closed (check one): Yes / No
6. One line diagram attached (check one): Yes / No
7. Facilities to be furnished and/or owned by Oncor:

Oncor shall, at its cost, be responsible for obtaining the land rights necessary for Oncor to construct the transmission line modifications, slack spans, access road, and any other facilities not located on the Oncor Property (defined below), all as generally shown in Attachment 3. Attachment 3 is only a representation of the preliminary layout of the facilities and the approximate location and size of the property required for the construction of Rusk County Switch and the associated transmission line modifications, slack spans, and access road.

Oncor shall, at its cost, be responsible for (i) identifying all overhead and underground facilities and all easements existing on property outside the Oncor Property, including, but not limited to, those with respect to gas lines, water lines, sewer lines, electric lines, communication lines, and streams where Oncor obtains land rights for transmission line modifications, slack spans, and the access road associated with Rusk County Switch; (ii) obtaining the permits, including any U.S. Army Corps of Engineers permit(s), that may be necessary for the relocation of all underground and overhead facilities on property outside the Oncor Property that will interfere with the construction of Oncor's facilities connecting to Rusk County Switch; (iii) relocating such facilities to locations acceptable to Oncor; and (iv) obtaining a final survey of such property outside the Oncor Property after such facilities have been relocated.

Rusk County Switch: Rusk County Switch will be owned by Oncor and will be constructed in a twelve-breaker, breaker-and-a-half arrangement, as shown in the One Line Diagram attached hereto as Attachment 4 and will include, but not be limited to, the following facilities:

- (12 ea.) Circuit breaker, 345 kV, 3200 amperes, 50 kA
- (24 ea.) Switch, air break, 345 kV, 3200 amperes, gang operated, 3 phase
- (4 ea.) CCVT, 345 kV, dual secondary windings for relaying, with carrier coupling
- (26 ea.) CCVT, 345 kV, dual secondary windings for relaying
- (4 ea.) Line trap, 345 kV, 3200 amperes
- (4 ea.) Line tuner
- (24 ea.) Surge arrester, 345 kV
- (1 ea.) Supervisory equipment, SCADA RTU
- (1 ea.) Digital fault recorder
- (1 ea.) Control house w/2-125 VDC battery sets and associated indoor accessories
- (4 ea.) Line directional comparison blocking relay panels for 1-1/2 breaker arrangement
- (1 ea.) Breaker control relay panel for middle breaker in 1-1/2 breaker arrangement
- (2 ea.) Single channel transfer trip transmitter and receiver relay panel
- (2 ea.) Dual channel transfer trip transmitter and receiver relay panel
- (2 ea.) Bus differential relay panel
- (4 ea.) Dual line current differential relay panel for 1-1/2 breaker arrangement
- (1 ea.) Carrier tester and communications panel
- (1 lot) Emergency switchyard generator and associated propane storage facilities
- (1 lot) Associated buswork, conductor, connectors, grounding, conduit, control cable, foundation work, perimeter fencing, grading/dirt work and any appurtenances necessary for the Rusk County Switch facilities
- (1 lot) All galvanized steel structures, including dead-ends, switch stands, metering structures, surge arrester supports, CCVT supports, line trap supports, static mast, and bus supports necessary for the Rusk County Switch facilities
- (1 ea.) Access road from F.M. 840 to Rusk County Switch

Transmission Line Modifications and Slack Spans: In order to establish Rusk County Switch, it will be necessary to modify the following three (3) existing Oncor-owned single circuit 345 kV transmission lines and install Oncor's slack spans. These transmission line modifications and slack spans will include, but not be limited to, the following:

- a. Martin Lake – Mount Enterprise 345 kV Transmission Line: Loop the Martin Lake – Mount Enterprise 345 kV circuit into Rusk County Switch, including removing two existing 345 kV single circuit lattice steel tower angle structures and two 345 kV single circuit steel pole tangent structures; installing two 345 kV single circuit lattice steel dead-end tower angle structures and two 345 kV single circuit steel pole angle structures; installing approximately 0.6 miles of single

circuit 2-1590 kcm ACSR conductors and 1.1 miles of OPGW cable and terminating them on new dead-end structures in Rusk County Switch.

- b. Martin Lake – Stryker Creek 345 kV Transmission Line: Loop the Martin Lake – Stryker Creek 345 kV circuit into Rusk County Switch, including removing one existing 345 kV double circuit lattice steel dead-end tower angle structure; installing four single circuit 345 kV lattice steel dead-end tower angle structures; installing approximately 0.6 miles of single circuit 2-1590 kcm ACSR conductors and 7/16” EHS steel shield wires and terminating them on new dead-end structures in Rusk County Switch.
- c. Trinidad – Mount Enterprise 345 kV Transmission Line: Loop the Trinidad – Mount Enterprise 345 kV circuit into Rusk County Switch, including removing one existing 345 kV single circuit lattice steel dead-end tower angle structure, two lattice steel tangent tower structures and one single circuit steel pole angle structure; installing two 345 kV single circuit lattice steel dead-end tower angle structures and two single circuit steel pole angle structures; installing approximately 0.6 miles of single circuit 2-1590 kcm ACSR conductors and 1.1 miles of OPGW cable and terminating them on new dead-end structures in Rusk County Switch.
- d. Oncor’s Slack Spans: Oncor will install and own two 345 kV transmission line slack spans (approximately 500 feet each) of 2-1590 kcm ACSR conductors and 7/16” EHS steel shield wires from Oncor’s dead-end structures inside Rusk County Switch to GPL’s dead-end structures outside Rusk County Switch, including the installation of approximately 500 feet of ADSS fiber-optic cable in underground conduit between one of GPL’s dead-end structures and one of Oncor’s dead-end structures.

Remote Switchyard Modifications: In association with terminating the three (3) above listed Oncor-owned single circuit 345 kV transmission lines at Rusk County Switch, the following modifications will be required at the following Oncor-owned switching stations located at the remote ends of these lines.

- a. Mount Enterprise Switching Station: For the two (2) lines from Rusk County Switch to Mount Enterprise Switching Station: remove the existing line relay panels, line traps, and line tuners and install fiber optic cable from the dead-end towers to the control house and install new line current differential relay panels, including associated, conduit, fiber optic cable, and grading/dirt work.
- b. Stryker Creek Switching Station: For the line from Rusk County Switch to Stryker Creek Switching Station: modify the existing carrier frequencies and add a transmitter and receiver relay panel, including a line tuner and a line trap tuning pack.

- c. Martin Lake Switching Station: For the two (2) lines from Rusk County Switch to Martin Lake Switching Station: modify the existing carrier frequencies and add a transfer trip transmitter and receiver relay panel for one of the lines, including a line tuner and a line trap tuning pack.

8. Facilities to be furnished and/or owned by GPL:

Oncor Property: GPL will provide, or cause to be provided, to Oncor, at no cost to Oncor, a deed, acceptable to Oncor, substantially in the form of the special warranty deed shown in Attachment 1 attached hereto, conveying to Oncor the land (the boundary of which is generally identified by the dotted line shown in Attachment 3) (“Oncor Property”) necessary for Oncor to construct Rusk County Switch, the transmission line modifications, slack spans, access road, and any other facilities located on such property, as generally described in item 7 above and shown in Attachment 3.

Relocation of Facilities: GPL will, at no cost to Oncor, be responsible for the following: (i) identifying all overhead and underground facilities and all easements existing on the Oncor Property, including, but not limited to, those with respect to gas lines, water lines, sewer lines, electric lines, communication lines, and streams; (ii) obtaining the permits, including U.S. Army Corps of Engineers permit(s), that may be necessary for the relocation of all underground and overhead facilities within the Oncor Property that Oncor determines, in its sole discretion, will interfere with the construction of Rusk County Switch, the transmission line modifications, slack spans, access road, or any other facilities to be located on the Oncor Property, as generally shown in Attachment 3; (iii) relocating such facilities to locations acceptable to Oncor; and (iv) obtaining a final survey of the Oncor Property acceptable to Oncor after such facilities have been relocated.

GPL’s Transmission Line: GPL will own a double-circuit 345 kV transmission line consisting of GPL’s north circuit and GPL’s south circuit, each approximately 36 miles in length, extending from GPL’s Switching Station (defined below) to the Points of Interconnection (“GPL’s Transmission Line”). GPL’s dead-end structures at the Points of Interconnection shall be self-supporting/unguyed steel or concrete dead-end structures, capable of supporting the Oncor-specified point loads for the attachment of Oncor’s slack spans and associated static conductors. Oncor will also supply minimum phase and static spacing and the slack span line angles. GPL’s Transmission Line shall include one multi-fiber fiber optic cable (with fibers from Rusk County Switch to GPL’s Switching Station), with 1300nm single-mode fibers, 48 fibers minimum (24 fibers per tube), to be used for SCADA communications as well as primary and redundant line relaying. GPL will furnish a fiber optic splice box to be located at the base of one of GPL’s dead-end structures outside Rusk County Switch. GPL will route its fiber optic cable to the splice box. Oncor will route its fiber optic cable to the splice box and be responsible for splicing GPL’s fibers to Oncor’s fibers. GPL’s Transmission Line may come near, or cross, and require modifications to Oncor’s transmission line(s) and distribution line(s). GPL will be responsible for any cost incurred by Oncor associated with such crossings and/or modifications.

GPL's Switching Station: GPL will own a switching station located in Texas at the Texas - Louisiana state border, [REDACTED] ("GPL's Switching Station"). GPL's Switching Station will establish an interconnection between GPL's Transmission Line and the Southern Cross HVDC Tie facilities which will be located in Louisiana, immediately adjacent to GPL's Switching Station. GPL's Switching Station will be constructed in a six-breaker, breaker-and-a-half arrangement and will include, but not be limited to, the following facilities:

- (6 ea.) Circuit breaker, 345 kV, for GPL's Transmission Line protection, with two sets of 3000/5, C800 CT's with a TRF = 2.0 for line current differential relaying
 - (12 ea.) Switch, air break, 345 kV, gang operated, 3 phase, for circuit breakers associated with GPL's Transmission Line protection, with provisions for pad locks
 - (Lot) PT or CCVT, 345 kV, dual secondary windings as required for metering and relaying
 - (Lot) Surge arrester, 345 kV
 - (1 ea.) Supervisory equipment, SCADA RTU
 - (1 ea.) Fault recording equipment
 - (1 ea.) Control house and associated indoor accessories
 - (Lot) Protective relaying equipment necessary to interface with Oncor's relaying equipment for protection of GPL's Transmission Line, and related breaker failure protection schemes
 - (1 lot) Associated buswork, conductor, connectors, grounding, conduit, control cable, foundation work, perimeter fencing, grading/dirt work and any appurtenances necessary for GPL's Switching Station facilities
 - (1 lot) All galvanized steel structures, including dead-ends, switch stands, metering structures, surge arrester supports, CCVT supports, line trap supports, static mast, and bus supports necessary for GPL's Switching Station facilities
9. Cost Responsibility: As between the Parties, each Party will bear the costs associated with the design, procurement, construction, modification, operation, and maintenance of the facilities it owns, and the costs otherwise specified hereunder as being a Party's responsibility.
10. Switching and Clearance:
Each Party has adopted formal switching procedures that govern safety related issues concerning the operation of its switches connected to the Points of Interconnection and will provide a copy of those procedures to the other Party upon request. Each Party agrees to comply with the aforementioned switching procedures of the other Party with respect to holds requested on switching devices owned by the other Party.
11. Standards:
The Parties agree to cause their facilities being newly constructed, as described in this Exhibit A, to be designed and constructed in accordance with (a) Good Utility Practice, (b) applicable laws and regulations, (c) the applicable provisions of the NERC Reliability Standards and ERCOT Requirements, and (d) the applicable provisions of the following standards in effect at the time of construction of the Points of Interconnection: NESC,

ANSI Standards, and IEEE Standards.

12. Supplemental terms and conditions attached (check one): X Yes / No

- A. Design, procurement, and construction of the facilities to be furnished by Oncor, as described in item 7 above, is contingent upon Southern Cross fulfilling its obligations under that certain agreement entitled Revenue and Cost Recovery Agreement, dated September 1, 2011, by and between Oncor and Southern Cross (“Compensation Agreement”), with respect to posting security and providing written authorizations to proceed with design, procurement, and construction of the Oncor facilities described in item 7 above.
- B. Oncor may terminate this Agreement upon 30 days written notice to GPL with a copy to Southern Cross, and have no further obligations to GPL with respect to this Agreement, if any of the following events occur:
- i. Southern Cross fails to provide any security or authorization to proceed in the manner required by the Compensation Agreement;
 - ii. GPL does not establish the final interconnection with the Oncor facilities described in item 7 above within 1 year after Oncor completes such facilities;
 - iii. Southern Cross does not establish a final interconnection with the GPL facilities described in item 8 above within 1 year after Oncor completes its facilities described in item 7 above; or
 - iv. Southern Cross does not establish a final interconnection with the SERC Reliability Corporation reliability region within 1 year after Oncor completes its facilities described in item 7 above.

In the circumstances of (ii), (iii), and (iv) above, the deadline may be extended by mutual agreement of the Parties if the 1 year deadline is not met.

ATTACHMENT 1

SPECIAL WARRANTY DEED FORM

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SPECIAL WARRANTY DEED

THE STATE OF TEXAS §
COUNTY OF _____ § KNOW ALL MEN BY THESE PRESENTS:

That _____ ("Grantor"), for and in consideration of the sum of Ten and no/100 dollars (\$10.00), and other valuable consideration to it in hand paid by Oncor Electric Delivery Company LLC, a Delaware limited liability company, ("Grantee"), whose address is P.O Box 219071, Dallas, Texas 75221-9071, the receipt and sufficiency of which are hereby acknowledged, has Granted, Sold and Conveyed, and by these presents does Grant, Sell and Convey unto said Grantee all that certain tract or parcel of land (the "Property") situated in _____ County, Texas, more particularly described in Exhibit "A" and attached hereto and made a part hereof for all purposes.

General real estate taxes for 20__ having been prorated to the date of conveyance, Grantee assumes the responsibility for general real estate taxes and special assessments for 20__ and subsequent years not yet due and payable, and any subsequent tax assessment due to a change in land usage or ownership or both.

Grantor expressly reserves and excepts from this conveyance to Grantee, for Grantor and Grantor's heirs, successors and assigns, all of Grantor's right, title and interest, in and to (i) all of the oil, gas and other minerals and (ii) all of the oil royalty, gas royalty and royalty in casinghead gas, gasoline and royalty in other minerals, in and under the Property, PROVIDED HOWEVER, that Grantor shall not have the right to produce, drill for or mine such minerals on or from the surface of the Property (such exception is called the "Mineral Estate Reservation"). Additionally, Grantor's conveyance of the Property is subject to the matters set forth on the attached Exhibit "B" ("Permitted Exceptions").

Grantor, for the consideration and subject to the above stated exceptions and reservations from conveyance, grants, sells and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any wise belonging, to have and hold it to Grantee,

Grantee's heirs, executors, administrators, successors, or assigns forever. Grantor binds Grantor and Grantor's successors and assigns, to warrant and forever defend all and singular the Property to Grantee and Grantee's heirs, executors, administrators, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the above stated exceptions, when the claim is by, through, or under Grantor but not otherwise..

Executed this _____ day of _____, 20__.

GRANTOR

By: _____

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF _____

§
§

KNOW ALL MEN BY THESE PRESENTS:

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 20__.

Notary Public in and for the State of Texas

AFTER RECORDING, PLEASE RETURN TO:

**Oncor Electric Delivery Company
Land Records Department
Attn: Laura DeLaPaz
115 W 7th Street, Suite 505
Fort Worth, Texas 76102**

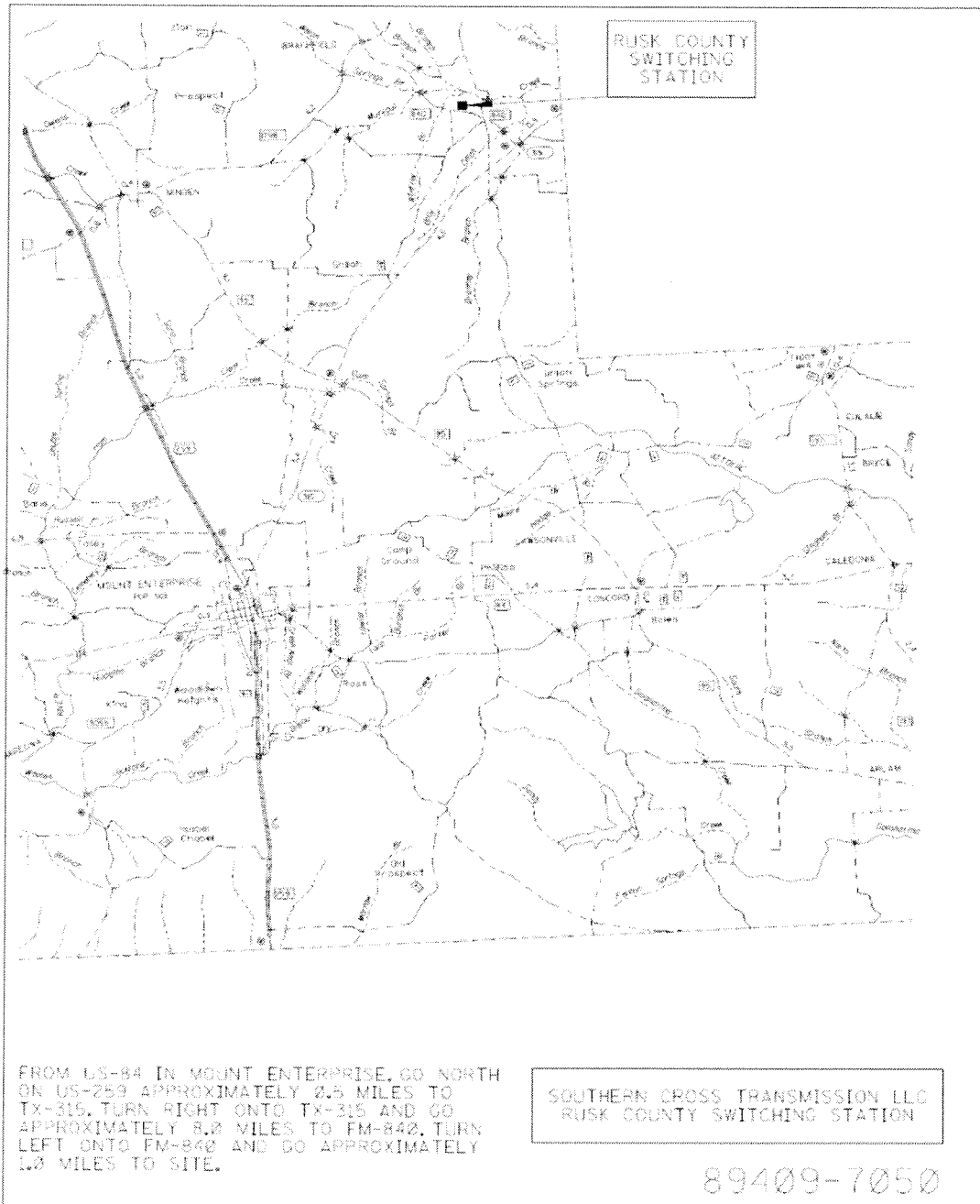
EXHIBIT "A"

[Intentionally Left Blank]

EXHIBIT "B"

[Intentionally Left Blank]

ATTACHMENT 2
LOCATION MAP
RUSK COUNTY SWITCHING STATION



ATTACHMENT 3

“CONFIDENTIAL” PROPERTY LAYOUT
RUSK COUNTY SWITCHING STATION

COMPANY INTERNAL

ONCOR RUSK COUNTY SWITCHING STATION
PROPOSED PROPERTY LAYOUT

ONCOR

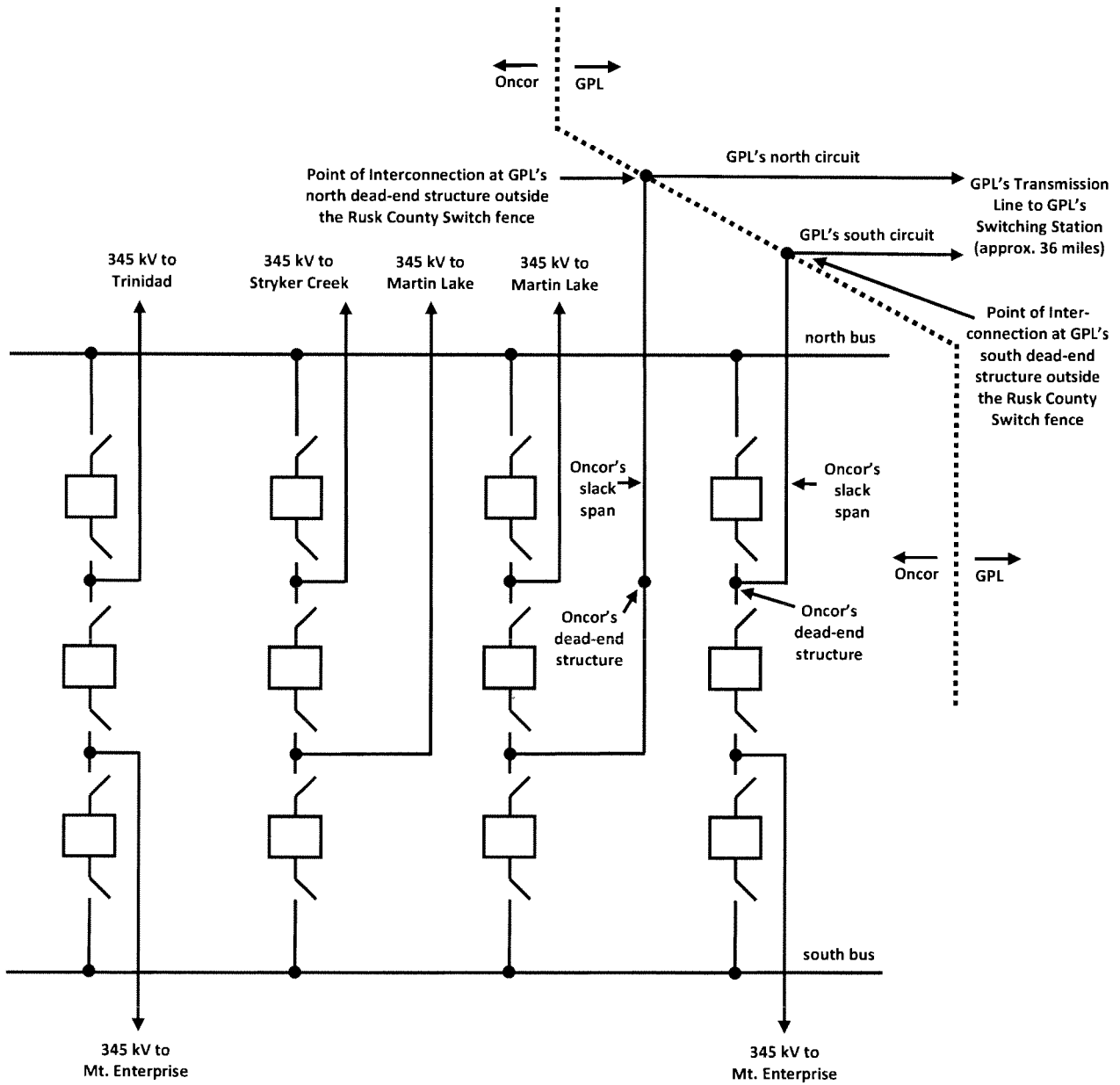
COMPANY INTERNAL

3

ATTACHMENT 4

ONE LINE DIAGRAM

RUSK COUNTY SWITCHING STATION



Appendix 2

Final, Unexecuted Garland/SCT Interconnection Agreement

INTERCONNECTION AGREEMENT

This Agreement is made and entered into this ___ day of _____, _____, by and between The City of Garland (“GPL”) and Southern Cross Transmission LLC (“Southern Cross”) each sometimes hereinafter referred to individually as “Party” or both referred to collectively as “Parties.”

WITNESSETH

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

WHEREAS, the Parties desire to interconnect their respective electric systems in the respects and under the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and conditions herein set forth, the Parties agree as follows:

ARTICLE I – EFFECTIVE DATE AND TERM

This Agreement shall become effective on the date first set forth above and shall continue in effect thereafter until terminated in accordance with its terms.

ARTICLE II – OBJECTIVE AND SCOPE

2.1 It is the intent of the Parties, by this Agreement, to state the terms and conditions under which the Parties’ electric systems will be interconnected and to identify the facilities and equipment provided by each Party at the Point of Interconnection.

2.2 This Agreement shall apply to the ownership, design, construction, control, operation, and maintenance of those facilities that are specifically identified and described in Exhibit A.

ARTICLE III – DEFINITIONS

For purposes of this Agreement, the following definitions shall apply:

3.1 Agreement shall mean this Agreement with all schedules and attachments hereto, and any schedules and attachments hereafter added by amendment to this Agreement.

3.2 ANSI Standards shall mean the American National Standards Institute Standards in effect at the time the Point of Interconnection is constructed.

3.3 ERCOT shall mean the Electric Reliability Council of Texas, Inc., or its successor in function.

3.4 ERCOT Requirements shall mean the ERCOT Operating Guides, ERCOT Protocols, as well as any other binding documents adopted by ERCOT relating to the interconnection and operation of electric systems in ERCOT, including any amendments of those Guides, Protocols, and binding documents that are adopted by ERCOT from time to time, and any successors thereto.

3.5 Good Utility Practice shall have the meaning ascribed thereto in PUCT Rule 25.5(56) or its successor.

3.6 IEEE Standards shall mean the Institute of Electrical and Electronic Engineers Standards in effect at the time the Point of Interconnection is constructed.

3.7 NERC shall mean the North American Electric Reliability Corporation or its successor in function.

3.8 NERC Reliability Standards shall mean the electric reliability standards enforced by NERC and applicable to the Parties to this Agreement.

3.9 NESC shall mean the National Electrical Safety Code in effect at the time the Point of Interconnection is constructed.

3.10 Person shall mean any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity.

3.11 Point of Interconnection shall mean the point of interconnection described in Exhibit A where the electrical systems of the Parties are connected or may, by the closure of normally open switches, be connected, such that electric power may flow in either direction.

3.12 PUCT shall mean the Public Utility Commission of Texas or its successor in function.

ARTICLE IV – ESTABLISHMENT OF POINT OF INTERCONNECTION

4.1 The Parties agree to interconnect their facilities at the Point of Interconnection in accordance with the terms and conditions of this Agreement.

4.2 The Parties agree to cause their facilities being constructed in conjunction with the establishment of the Point of Interconnection; to be designed and constructed in accordance with (a) Good Utility Practice, (b) applicable laws and regulations, (c) the applicable provisions of the NERC Reliability Standards and ERCOT Requirements, and (d) the applicable provisions of the following standards in effect at the time of construction of the Point of Interconnection: NESC; ANSI Standards; and IEEE Standards.

4.3 Each Party will design its system protection facilities to isolate any fault occurring on its system that would negatively affect the other Party's system at the Point of Interconnection in accordance with applicable ERCOT Requirements and NERC Reliability Standards. The protection schemes used by the Parties at the Point of Interconnection will be determined by both Parties in a cooperative effort to achieve system coordination. Prior to commissioning the Point of Interconnection, both Parties will perform a complete calibration test and functional trip test of their respective system protection equipment including communication circuits between facilities.

ARTICLE V - SYSTEM OPERATION AND MAINTENANCE

5.1 The Parties agree to cause their facilities at the Point of Interconnection, and their other facilities having, or which may reasonably be expected to have, an impact upon the facilities of the other Party to be operated and maintained in accordance with Good Utility Practice, applicable laws and regulations, and the applicable provisions of the ERCOT Requirements and NERC Reliability Standards.

5.2 If either Party proposes to make equipment changes or additions to (a) its equipment at the Point of Interconnection (including its system protection equipment) or (b) its system protection equipment at any other location that may affect the operation or performance of the other Party's facilities at the Point of Interconnection ("Changes"), such Party agrees to notify the other Party, in writing, in advance of making such proposed Changes, and the Parties will coordinate and cooperate on the assessment of the impact of such Changes on the electric systems of the Parties and the identification of any required mitigation measures (including but not limited to new or upgraded facilities). Those Changes will not be made until the required aforementioned mitigation measures have been implemented. The Parties will communicate with each other with respect to other equipment changes or additions in accordance with applicable ERCOT Requirements and NERC Reliability Standards.

5.3 A Party may interrupt service at the Point of Interconnection in accordance with applicable laws, regulations, and ERCOT Requirements.

5.4 Each Party will establish and maintain a control center that shall be staffed 24 hours per day, 7 days per week, with personnel capable of making operating decisions and possessing the ability to effect control of its transmission facilities at the Point of Interconnection (or make appropriate arrangements for a third party to establish and maintain such a control center on its behalf). For purposes of voice communications between the Parties' transmission control centers, phone numbers will be exchanged and each Party will be notified of changes.

5.5 Southern Cross will not take any action that would cause GPL or any ERCOT utility that is not a "public utility" under the Federal Power Act to become a "public utility" under the Federal Power Act or become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission. GPL will take no action that would cause Southern Cross to become subject to the plenary jurisdiction of the Public Utility Commission of Texas or ERCOT as a transmission service provider as that term is defined in Section 2 of the ERCOT Nodal protocols. Neither Party is liable to the other under this Section 5.5 for actions specifically contemplated by agreements by and between GPL and Southern Cross (or its affiliates).

5.6 In the event that the Federal Energy Regulatory Commission or any court with jurisdiction issues an order or decision that has the effect of making void a prior order issued by the Federal Energy Regulatory Commission that disclaimed jurisdiction over ERCOT, Oncor Electric Delivery Company LLC (“Oncor”), GPL, CenterPoint Energy Houston Electric, LLC (“CenterPoint”) and other ERCOT utilities in connection with the creation of an interconnection between ERCOT and another reliability region covered by this agreement, the Parties shall have the right, and shall coordinate their efforts, to immediately disconnect the Point of Interconnection if disconnection is necessary to prevent ERCOT, Oncor, GPL, CenterPoint or other ERCOT utilities from becoming subject to the plenary jurisdiction of the Federal Energy Regulatory Commission. The Point of Interconnection disconnected pursuant to this paragraph shall be immediately reconnected upon the issuance of a subsequent emergency, interim or permanent order by the Federal Energy Regulatory Commission addressing the interconnection and disclaiming jurisdiction.

ARTICLE VI – INDEMNIFICATION

6.1 Notwithstanding the provisions of Article X but subject to Section 12.2, each Party (the “Indemnifying Party”) shall assume all liability for, and shall indemnify the other Party (the “Indemnified Party”) for, any third party losses resulting from negligence or other fault in the design, construction, or operation of their respective facilities. Losses shall include costs and expenses of defending an action or claim made by a third Person, payments for damages related to the death or injury of any individual, and payments by the Indemnified Party for damages to the property of a third Person, and damages payable by the Indemnified Party for the disruption of the business of a third Person. This Section 6.1 does not create a liability on the part of either Party to a retail customer or other third Person, but requires indemnification where such liability exists. The indemnification required under this Section 6.1 does not include responsibility for either Party’s costs and expenses of prosecuting or defending an action or claim against the other Party or damages for the disruption of such Party’s business. The limitations on liability set forth in this Section 6.1 do not apply in cases of gross negligence or intentional wrongdoing.

6.2 GPL’s liability under Section 6.1, above, is expressly limited to amounts payable under the insurance policy including self-insurance, described in, and required to be maintained by GPL pursuant to Section 6.3 below.

6.3 Prior to taking ownership of any facilities associated with the Point of Interconnection, GPL shall obtain and maintain in force, or cause to be obtained and maintained in force, throughout the period of this Agreement, through self-insurance (for which GPL maintains a reserve fund), or with insurers that maintain an AM Best’s rating of at least “A-X” (or such carriers that are otherwise acceptable to Southern Cross) and that are authorized to do business in Texas, or through a combination of self-insurance and insurance provided by insurers meeting such qualifications, insurance for personal injury, bodily injury, including death and property damage as follows:

- a) Workers' Compensation Insurance to the extent of statutory limits and Occupational Disease and Employer's Liability Insurance not less than \$500,000 each accident, \$500,000 by disease policy limit, \$500,000 by disease each employee.
- b) Commercial General Liability Insurance, written on an occurrence form including but not limited to Products and Completed Operations, Broad Form Contractual Liability, Bodily Injury and Property Damage, Personal Injury and Advertising Injury as applicable to GPL's obligations under this Agreement with limits not less than \$1,000,000 each occurrence and \$2,000,000 aggregate.
- c) Automobile Liability Insurance with limits not less than \$1,000,000 combined single limit for any occurrence. This coverage shall include coverage for but not limited to the following: (1) bodily injury and property damage and (2) any and all vehicles owned, used, or hired.
- d) Pollution Liability covering claims from third-party injury and property damage as a result of pollution conditions arising out of GPL's obligations under this Agreement with limits not less than \$1,000,000 each occurrence and \$2,000,000 aggregate
- e) Excess Liability Insurance covering employer's liability, Commercial General Liability, Automobile Liability, and Pollution Liability each to a limit of not less than \$20,000,000 each occurrence and \$20,000,000 aggregate.

6.4 All of GPL's policies of insurance referred to in this Agreement (excluding self-insurance), shall specify that they are primary and not excess over or on a contributing basis with any other insurance or self-insurance. Southern Cross shall be named as additional insured on the Commercial General Liability, Automobile Liability and Excess Liability policies to the extent of the insurance limits specified herein. Upon securing the insurance required by this Agreement, and annually thereafter, GPL shall provide Southern Cross with a certificate of insurance, evidencing the coverage required by this Agreement and providing that such policies may not be canceled or materially changed without 30 days' prior written notice to Southern Cross. All of GPL's policies of insurance referred to in this Agreement, shall include a severability of interest clause or cross-liability clause. All of GPL's policies of insurance shall include a waiver of subrogation in favor of Southern Cross.

6.5 Southern Cross's obligation as an Indemnifying Party under Section 6.1, above, is limited to the same per occurrence and aggregate dollar limits as apply to GPL as an Indemnifying Party under Section 6.1, above, and as more fully described in Section 6.3 above.

6.6 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

ARTICLE VII –NOTICES

7.1 Any notices, claims, requests, demands or other communications between the Parties hereunder, including but not limited to a notice of termination, notice of default, request for

amendment, change to the Point of Interconnection, shall be (a) forwarded to the designees listed below for each Party, (b) deemed properly given if delivered in writing, and (c) deemed duly delivered when (i) delivered if delivered personally or by nationally recognized overnight courier service (costs prepaid), (ii) sent by facsimile or electronic mail with confirmation of transmission by the transmitting equipment (or, the first business day following such transmission if the date of transmission is not a business day), or (iii) received or rejected by the addressee, if sent by U.S. certified or registered mail, return receipt requested; in each case to the following addresses, facsimile numbers or electronic mail addresses and marked to the attention of the individual (by name or title) designated below:

If to GPL:

If to Southern Cross:

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

ARTICLE VIII - SUCCESSORS AND ASSIGNS

8.1 Subject to the provisions of Section 8.2 below, this Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the respective Parties.

8.2 Neither Party shall assign, directly or indirectly by operation of law or otherwise, any of its rights or obligations under this Agreement in whole or in part without the prior written consent of the other Party. Such consent shall not be unreasonably withheld, conditioned, or delayed, provided that neither Party will be required to consent to any assignment that would (a) subject it to additional federal or state regulation; (b) result in the imposition of additional costs of administration that the Party requesting consent to assignment does not agree to reimburse; or (c) in any way diminish the reliability of its system, enlarge its obligations, or otherwise create or maintain an unacceptable condition. Notwithstanding the foregoing, a Party may assign, without the consent of the other Party, its interest in this Agreement, in whole or in part, (a) to a successor to all or a substantial portion of the Party's transmission business; (b) to any transmission service provider (including an affiliate of the assigning Party) with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; or (c) for collateral security purposes in connection with any financing or financial arrangements. The respective obligations of the Parties under this Agreement may not be changed, modified, amended, or enlarged, in whole or in part, by reason of any direct or indirect assignment, including pursuant to the sale, merger, or other business combination of either Party with any other Person. Any attempted assignment that violates this Section 8.2 shall be void and ineffective *ab initio*. Any assignment of this Agreement shall not relieve a Party of its obligations hereunder without the

written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed.

8.3 This Agreement is not intended to and shall not create rights of any character whatsoever in favor of any Persons other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties.

ARTICLE IX – GOVERNING LAW AND REGULATION

9.1 This Agreement will in all respects be governed by, interpreted, construed, and enforced in accordance with the laws of the State of Texas except as to matters exclusively controlled by the Constitution and statutes of the United States of America. This Agreement is subject to all valid applicable federal, state, and local laws, ordinances, rules, regulations, orders, and tariffs of, or approved by, duly constituted regulatory or other governmental authorities having jurisdiction.

9.2 This Agreement and all obligations hereunder, are expressly conditioned upon obtaining all required approvals, authorizations, or acceptances for filing by any regulatory authority whose approval, authorization or acceptance for filing is required by law. Each Party agrees to use reasonable efforts and due diligence to obtain each required approval, authorization or acceptance for filing and such obligation will be deemed satisfied only when each required approval, authorization or acceptance for filing is obtained or all available administrative remedies have been exhausted. Both Parties hereby agree to support the approval of this Agreement before such regulatory authority and to provide such documents, information, and opinions as may be reasonably required or requested by either Party in the course of approval proceedings. In the event a necessary approval or authorization or acceptance for filing by the regulatory authority is denied or rejected, the Parties will jointly determine whether, and under what conditions, filing an appeal of the action by the regulatory authority is reasonable and appropriate.

ARTICLE X – DEFAULT AND FORCE MAJEURE

10.1 The term “Force Majeure” as used herein shall mean any cause beyond the reasonable control of the Party claiming Force Majeure, and without the fault or negligence of such Party, which materially prevents or impairs the performance of such Party’s obligations hereunder, including but not limited to, storm, flood, lightning, earthquake, fire, explosion, failure or imminent threat of failure of facilities, civil disturbance, strike or other labor disturbance, sabotage, war, national emergency, or restraint by any federal, state, local or municipal body having jurisdiction over a Party. For purposes of this Article X, GPL is not a municipal body having jurisdiction over a Party.

10.2 Neither Party shall be considered to be in Default (as hereinafter defined) with respect to any obligation hereunder, other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant

to this Section shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

ARTICLE XI- TERMINATION ON DEFAULT

11.1 The term "Default" shall mean the failure of either Party to perform any obligation in the time or manner provided in this Agreement. No Default shall exist where such failure to discharge an obligation is excused pursuant to Section 11.2 or is the result of an act or omission of the other Party or any of its agents. Upon discovery of a Default, the non-defaulting Party may give notice of such Default to the defaulting Party. Except as provided in Section 11.2, the defaulting Party shall have thirty (30) days from receipt of the Default notice within which to cure such Default; provided, however, if such Default is not capable of cure within thirty (30) days, the defaulting Party shall commence such cure within twenty (20) days after receipt of the Default notice and continuously and diligently exercise its efforts to complete such cure within ninety (90) days from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

11.2 If a Default is not cured as provided in Section 11.1, or if a Default is not capable of being cured within the period provided for therein, the non-defaulting Party shall have the right, subject to receipt of any regulatory approvals required by applicable law, (a) to terminate, in its sole discretion, by written notice at any time until cure occurs this Agreement and disconnect the Point of Interconnection, (b) to be relieved of any further obligation hereunder (other than obligations associated with its own Defaults, if any, occurring prior to termination) if that Party shall have elected to terminate this Agreement and (c), whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due and receive all other remedies to which it is entitled hereunder. The provisions of this Section 11.2 will survive termination of this Agreement.

11.3 The failure of a Party to insist, on any occasion, upon strict performance of this Agreement will not be considered to waive the obligations, rights, or duties imposed upon the Parties by this Agreement.

ARTICLE XII- MISCELLANEOUS PROVISIONS

12.1 Any undertaking by a Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of that Party to the public or to the other Party, and it is understood and agreed that any such undertaking shall cease upon the termination of this Agreement.

12.2 NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY BE LIABLE UNDER ANY PROVISION OF THIS AGREEMENT FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES,

INCLUDING BUT NOT LIMITED TO LOSS OF PROFIT OR REVENUE, LOSS OF THE USE OF EQUIPMENT, COST OF CAPITAL, COST OF TEMPORARY EQUIPMENT OR SERVICES, WHETHER BASED IN WHOLE OR IN PART IN CONTRACT OR 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 (OR TO ANY THIRD PARTY) WILL NOT BE CONSIDERED TO BE SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES HEREUNDER.

12.3 This Agreement is applicable only to the interconnection of the facilities of the Parties at the Point of Interconnection and does not obligate either Party to provide, or entitle either Party to receive, any service not expressly provided for herein. Each Party is responsible for making the arrangements necessary to receive any other service that either Party may desire from the other Party or any third party.

12.4 This Agreement constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the facilities of the Parties at the Point of Interconnection expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) between the Parties with regard to the subject matter hereof if not set forth or provided for herein. This Agreement replaces all other agreements and undertakings, oral and written, between the Parties with regard to the subject matter hereof, and all such agreements and undertakings are agreed by the Parties to no longer be of any force or effect. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein; such agreements are unaffected by this Agreement.

12.5 This Agreement shall not affect the obligations or rights of either Party with respect to other agreements (other than those specifically superseded by Section 12.4). Each Party represents to the other that there is no agreement or other obligation binding upon it, which, as such Party is presently aware, would limit the effectiveness or frustrate the purpose of this Agreement.

12.6 This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced in writing and executed by the Parties.

12.7 If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement.

12.8 The descriptive headings of the various sections of this Agreement have been inserted for convenience of reference only and are to be afforded no significance in the interpretation or construction of this Agreement.

12.9 This Agreement will be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

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

CITY OF GARLAND

SOUTHERN CROSSTRANSMISSIONLLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

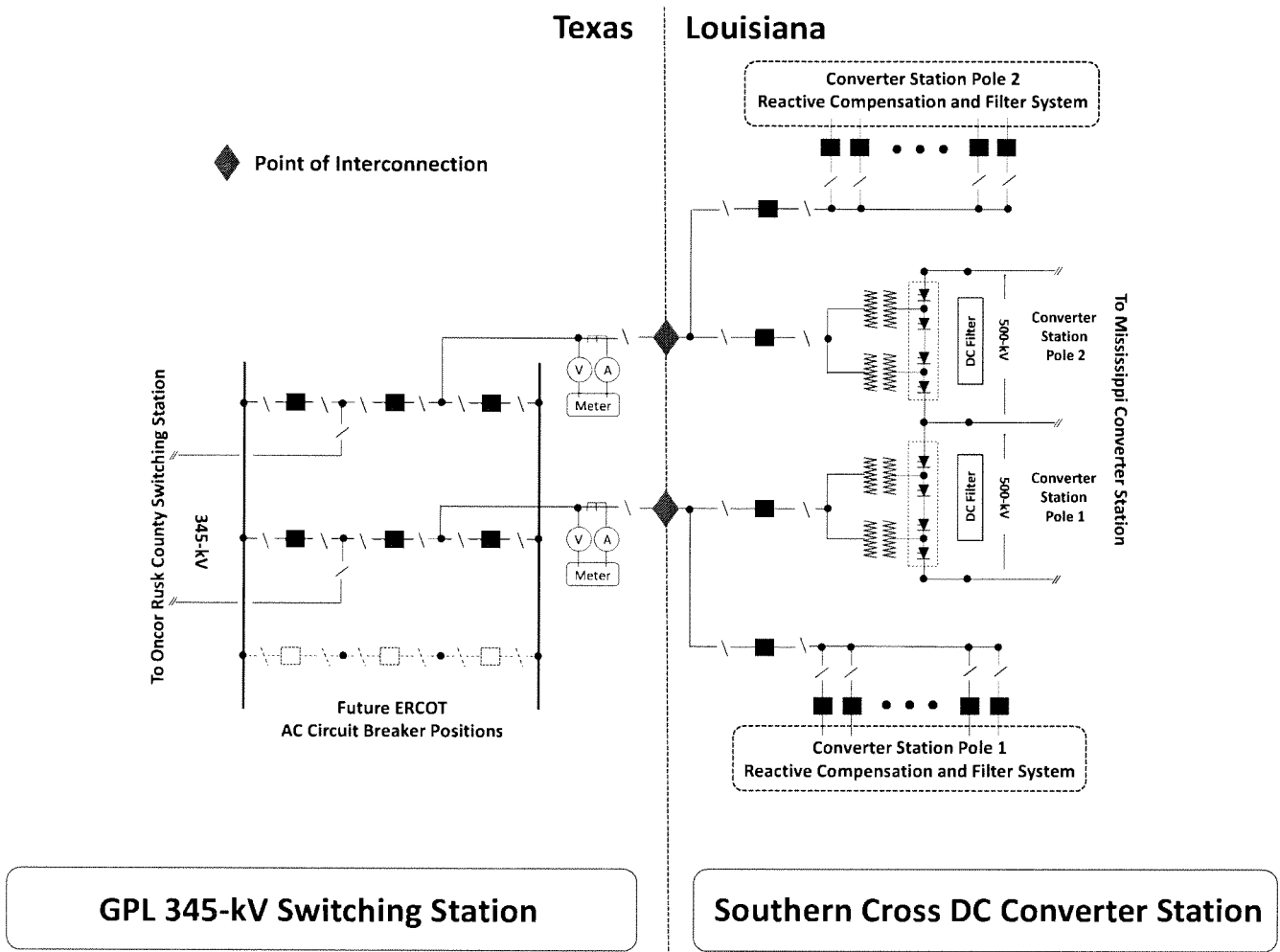
EXHIBIT A

1. Name: GPL-Southern Cross Point of Interconnection
 2. Point of Interconnection location: The Texas-Louisiana border between the GPL 345-kV Switching Station and the Southern Cross converter station as illustrated in the attached One-Line Diagram.
 3. Delivery voltage: 345-kV AC
 4. Metering (voltage, location, losses adjustment due to metering location, and other): 345-kV Revenue Class Metering in accordance with ERCOT specifications at the Point of Interconnection in the GPL 345-kV Switching Station and as illustrated in the attached One-Line Diagram.
 5. Normally closed (check one): Yes / No
 6. One line diagram attached (check one): Yes / No
 7. Facilities to be furnished by Southern Cross: One (1) up to 3,000-MW, bipolar, bidirectional, 500-kV DC converter station located at the western end of the Southern Cross DC transmission system to the SERC Reliability Corporation ("SERC"). Equipment in the Southern Cross converter station will include, but may not be limited to: (i) \pm 500-kV DC line-commutated converter and associated equipment including associated converter transformers and DC side equipment; (ii) switched, shunt, reactive compensation and filter system; (iii) four (4) circuit breakers with disconnect switches and associated equipment (located on the Louisiana side of the border, but proximate to, the Point of Interconnection at the Texas/Louisiana border) required to energize, de-energize and protect converter station equipment; and (iv) all necessary control, protection and communication system equipment.
8. Facilities to be furnished by GPL: One (1), 345-kV switching station located at the eastern end of two (2) associated 345-kV AC transmission lines to the new Oncor 345-kV Rusk County switching station. GPL's switching station will be located in Texas and be immediately adjacent to Southern Cross's converter station. GPL's Switching Station will be constructed in a six-breaker, breaker-and-a-half arrangement and will include, but not be limited to, the following facilities:
- (6 ea.) Circuit breaker, 345 kV, for GPL's Transmission Line protection with two sets of 3000/5, C800 CT's with a TRF = 2.0 for line current differential relaying
 - (12 ea.) Switch, air break, 345 kV, gang operated, 3 phase, for circuit breakers associated with GPL's Transmission Line protection, with provisions for padlocks(Lot)PT or CCVT, 345 kV, dual secondary windings as required for metering and relaying

- (Lot) Surge arrester, 345 kV
- (1 ea.) Supervisory equipment, SCADA RTU
- (1 ea.) Fault recording equipment
- (1 ea.) Control house and associated indoor accessories
- (Lot) Protective relaying equipment necessary to interface with Oncor's relaying equipment for protection of GPL's Transmission Line, and related breaker failure protection schemes
- (1 lot) Associated buswork, conductor, connectors, grounding, conduit, control cable, foundation work, perimeter fencing, grading/dirt work and any appurtenances necessary for GPL's Switching Station facilities
- (1 lot) All galvanized steel structures, including dead-ends, switch stands, metering structures, surge arrester supports, CCVT supports, line trap supports, static mast, and bus supports necessary for GPL's Switching Station facilities

9. Cost Responsibility: Each Party will bear the costs associated with the design, procurement, construction, operation, and maintenance of the facilities it furnishes, as identified in items 7 and 8 above.
10. Switching and Clearance:
Each Party will adopt formal switching procedures that govern safety related issues concerning the operation of its switches connected to this Point of Interconnection and will provide a copy of those procedures to the other Party within one (1) year of the planned first energization date. Each Party agrees to comply with the aforementioned switching procedures of the other Party and will notify the other Party in writing at least ten days prior to implementation of any changes to its procedures.
11. Standards:
The Parties agree to cause their facilities being newly constructed, as described in this Exhibit A, to be designed and constructed in accordance with (a) Good Utility Practice, (b) applicable laws and regulations, (c) the applicable provisions of the NERC Reliability Standards and ERCOT Requirements, and (d) the applicable provisions of the following standards in effect at the time of construction of this Point of Interconnection: NESC, ANSI Standards, and IEEE Standards.
12. Supplemental terms and conditions attached (check one): ___ Yes / No

ONE LINE DIAGRAM



Attachment B

Western Point of Interconnection

Attachment B Texas Louisiana Converter Station Conceptual Spatial Arrangement

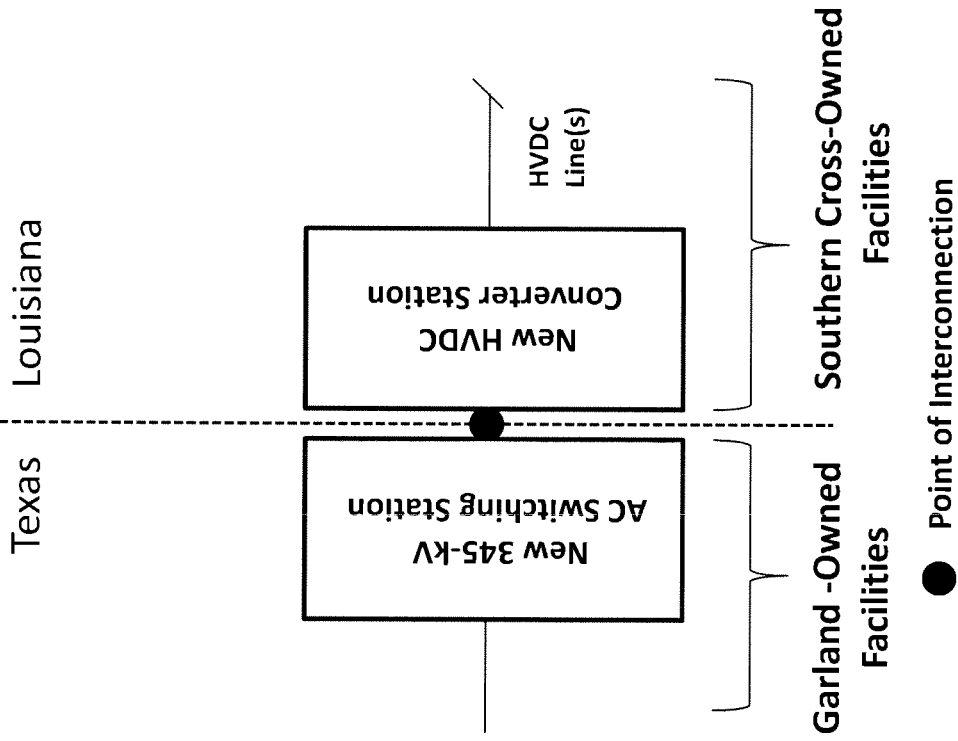


Figure 1

Certificate of Service

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served a copy of the foregoing Compliance Filing on all parties listed on the official service list compiled by the Secretary in this proceeding.

DATED this 20th day of February, 2014.

/s/ Robert L. Daileader, Jr.
Robert L. Daileader, Jr.

Document Content(s)

Amended Offer of Settlement (Public Version).PDF.....1-67