

MidAmerican Central California Transco, LLC

Transmission Owner Tariff

Table of Contents

Section

1. Preamble
 - 1.1 Transmission Access for Participating TOs
 - 1.2 Transmission Access for Wheeling Customers
 - 1.3 Transmission Access for End-User
2. Effective Date
 - 2.1 Termination
3. TO Definitions
 - 3.1 Access Charge
 - 3.2 AGC
 - 3.3 Ancillary Services
 - 3.4 Applicable Reliability Criteria
 - 3.5 Available Transfer Capacity
 - 3.6 Base Transmission Revenue Requirement
 - 3.7 Black Start
 - 3.8 Business Day
 - 3.9 [Reserved]
 - 3.10 Completed Application Date
 - 3.11 Completed Interconnection Application
 - 3.12 Congestion
 - 3.13 Congestion Management
 - 3.14 Converted Rights
 - 3.15 CPUC
 - 3.16 Demand
 - 3.17 Direct Assignment Facilities
 - 3.18 Dispatch
 - 3.19 Distribution System
 - 3.20 Eligible Customer
 - 3.21 Encumbrance
 - 3.22 End-Use Customer or End-User
 - 3.23 Energy
 - 3.24 Entitlement
 - 3.25 Existing Contracts
 - 3.26 Existing Rights
 - 3.27 Expedited Interconnection Agreement
 - 3.28 Facilities Study Agreement
 - 3.29 Facility or Facilities Study
 - 3.30 FERC
 - 3.31 FPA

- 3.32 Generating Unit
- 3.33 Generation
- 3.34 Good Utility Practice
- 3.35 Gross Load
- 3.36 High Voltage Access Charge
- 3.37 High Voltage Transmission Facility
- 3.38 High Voltage Transmission Revenue Requirement
- 3.39 High Voltage Utility-Specific Rate
- 3.40 High Voltage Wheeling Access Charge
- 3.41 Independent System Operator
- 3.42 ISO ADR Procedures
- 3.43 ISO Controlled Grid
- 3.44 ISO Protocols
- 3.45 ISO Tariff
- 3.46 Interconnection
- 3.47 Interconnection Agreement
- 3.48 Interconnection Application
- 3.49 Interest
- 3.50 Load
- 3.51 Local Publicly Owned Electric Utility
- 3.52 Local Regulatory Authority
- 3.53 Local Reliability Criteria
- 3.54 Low Voltage Access Charge
- 3.55 Low Voltage Transmission Revenue Requirement
- 3.56 Low Voltage Wheeling Access Charge
- 3.57 Market Participant
- 3.58 Metered Subsystem (“MSS”)
- 3.59 MidAmerican Central California Transco, LLC
- 3.60 NERC
- 3.61 New Participating TO
- 3.62 Non-Load Serving Participating TO
- 3.63 Non-Participating TO
- 3.64 Non-Spinning Reserve
- 3.65 Operational Control
- 3.66 Original Participating TO
- 3.67 Participating TO (“PTO”)
- 3.68 Participating Agreement
- 3.69 Physical Scheduling Plant
- 3.70 Project
- 3.71 Project Proponent

- 3.72 Project Sponsor
- 3.73 Regional Transmission Group (“RTG”)
- 3.74 Regulation
- 3.75 Regulatory Authority
- 3.76 Reliability Criteria
- 3.77 Reliability Upgrade
- 3.78 Request for Expedited Interconnection Procedures
- 3.79 Scheduling Coordinator
- 3.80 Scheduling Point
- 3.81 Spinning Reserve
- 3.82 System Impact Study
- 3.83 System Impact Study Agreement
- 3.84 TO Tariff
- 3.85 [Not used]
- 3.86 Transmission Control Agreement (“TCA”)
- 3.87 Transmission Owner (“TO”)
- 3.88 Transmission Revenue Balancing Account Adjustment (“TRBAA”)
- 3.89 Transmission Revenue Credit
- 3.90 Transmission Revenue Requirement (“TRR”)
- 3.91 Transmission System Rights (“TSRs”)
- 3.92 Uncontrollable Force
- 3.93 Utility Distribution Company (“UDC”)
- 3.94 Voltage Support
- 3.95 Western Electricity Coordinating Council (“WECC”)
- 3.96 Wheeling Access Charge
- 3.97 Wheeling Out
- 3.98 Wheeling Through
- 3.99 Wheeling
- 3.100 Wholesale Customer
- 4. Eligibility
- 5. Access Charges and Transmission Rates
 - 5.1 Low Voltage Access Charge
 - 5.2 Wheeling Access Charge
 - 5.3 Transmission Revenue Requirement
 - 5.4 Transmission System Rights
 - 5.5 Transmission Revenue Balancing Account Adjustment
- 6. Ancillary Services - Applicability and Charges
- 7. Billing and Payment
- 8. Obligation to Interconnect or Construct Transmission Expansions and Facility Upgrades
 - 8.1 Participating TO Obligation to Interconnect

- 8.2 Participating TO Obligation to Construct Transmission Expansion or Facility Upgrades
- 8.3 Request for FERC Deference Regarding Need Determination
- 9. Expansion Process
 - 9.1 Determination of Facilities
 - 9.2 Obligation to Build
 - 9.3 Provisions Relating To Transmission Construction On the Systems of Other TOs
- 10. Interconnection Process
 - 10.1 Applicability
 - 10.2 Applications
 - 10.3 Interconnection Application
 - 10.4 Review of Completed Interconnection Application
 - 10.5 Notice of Need for System Impact Study
 - 10.6 Impact Study Cost Reimbursement Agreement
 - 10.7 System Impact Study Procedures
 - 10.8 Notice of Need for Facilities Study
 - 10.9 Facilities Study Procedures
 - 10.10 Partial Interim Service
 - 10.11 Expedited Interconnection Procedures
- 11. Uncontrollable Forces and Indemnification
 - 11.1 Procedures to Follow of Uncontrollable Force Occurs
 - 11.2 Indemnification
- 12. Regulatory Filings
 - 12.1 Open Access
- 13. Creditworthiness
 - 13.1 UDCs, MSSs, and Scheduling Coordinators Using the Participating TO's Low Voltage Transmission Facilities
 - 13.2 End-Users
- 14. Disputes
- 15. [Reserved]
- 16. Miscellaneous
 - 16.1 Notices
 - 16.2 Waiver
 - 16.3 Confidentiality
 - 16.4 TO Tariff Supersedes Existing Tariffs
 - 16.5 Titles
 - 16.6 Severability
 - 16.7 Preservation of Obligations
 - 16.8 Governing Law
 - 16.9 Appendices Incorporated

- 16.10 Conflict with ISO Tariff
- 16.11 Conflicting Operating Instructions
- 16.12 Conflict With Transfer Capability Lease

- Appendix I Transmission Revenue Requirement and TRBAA
- Appendix II Notices
- Appendix III Formula Rate
- Appendix IV Formula Rate Implementation Protocols

1. **Preamble.** The Participating TO's revenue requirements and applicable rates and charges for transmission access over the ISO Controlled Grid and the terms and conditions for transmission expansion and interconnection are set forth in this TO Tariff and the ISO Tariff. For purposes of this TO Tariff and the ISO Tariff, MidAmerican Central California Transco is a Non-Load-Serving Participating TO and has no End-Use Customers. While MidAmerican Central California Transco does not presently contemplate owning TSRs related to Low Voltage Transmission Facilities or the use of High Voltage Transmission Facilities to provide Wheeling services, this TO Tariff includes relevant provisions should either situation change.
 - 1.1 **Transmission Access for Participating TOs.** Participating TOs are able to participate in the ISO and utilize the entire ISO Controlled Grid to serve their End-Use Customers. The applicable High Voltage Access Charges and Transition Charges shall be paid by Participating TOs to the ISO pursuant to the ISO Tariff. If a Participating TO utilizes the Low Voltage Transmission Facilities of another Participating TO, the Participating TO shall also pay the Low Voltage Access Charge of the other Participating TO.
 - 1.2 **Transmission Access for Wheeling Customers.** Wheeling allows Scheduling Coordinators to deliver Energy through or out of the ISO Controlled Grid to serve a load located outside the transmission or Distribution System of a Participating TO. Wheeling Access Charges shall be paid by Scheduling Coordinators to the ISO pursuant to the ISO Tariff.
 - 1.3 **Transmission Access for End-Users.** End-Users receive transmission service over the ISO Controlled Grid through the Participating TO to whose transmission or distribution facilities the End-User is directly connected. Charges to End-Users for access to the ISO Controlled Grid shall be paid to the applicable Participating TO to whose transmission or distribution facilities the End-User is directly connected.
2. **Effective Date.** This TO Tariff is effective on the date accepted by the FERC and shall continue to be effective, as amended from time to time, so long as MidAmerican Central California Transco is a party to the Transmission Control Agreement.
 - 2.1 **Termination.** This TO Tariff may be terminated by MidAmerican Central California Transco upon such advance notice and with such authorization as FERC may require.
3. **TO Definitions.** Certain capitalized terms used in this TO Tariff shall have the meanings set out below unless otherwise stated or the context otherwise requires. Capitalized terms used in this TO Tariff and not defined below shall have the meanings set out in the ISO Tariff as it may be amended from time to time.
 - 3.1 **Access Charge.** A charge paid by all UDCs, MSSs, and, in certain cases, Scheduling Coordinators delivering Energy to Gross Load, as set forth in Section 26.1 of the ISO Tariff. The Access Charge includes the High Voltage Access

Charge and the Low Voltage Access Charge, as applicable.

- 3.2 **AGC.** Generation equipment that automatically responds to signals from the ISO's EMS control in real time to control the power output of electric generators within a prescribed area in response to a change in system frequency, tieline loading, or the relation of these to each other, so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits.
- 3.3 **Ancillary Services.** Regulation, Spinning Reserve, Non-Spinning Reserve, Voltage Support and Black Start together with such other interconnected operation services as the ISO may develop in cooperation with Market Participants to support the transmission of Energy from generation resources to Loads while maintaining reliable operation of the ISO Controlled Grid in accordance with Good Utility Practice.
- 3.4 **Applicable Reliability Criteria.** The Reliability Standards and reliability criteria established by NERC and WECC, and Local Reliability Criteria, as amended from time to time, including any requirement of the Nuclear Regulatory Commission.
- 3.5 **Available Transfer Capacity.** The available capacity of a given transmission path, in MW after allocation of rights associated with Existing Contracts and Transmission Ownership Rights, to that path's Operating Transfer Capability established consistent with ISO and WECC transmission capacity rating guidelines, as further described in Appendix L to the ISO Tariff.
- 3.6 **Base Transmission Revenue Requirement.** The Transmission Revenue Requirement which does not reflect amounts for the TRBAA.
- 3.7 **Black Start.** The procedure by which a Generating Unit self-starts without an external source of electricity, thereby restoring power to the ISO Controlled Grid following system or local area blackouts.
- 3.8 **Business Day.** Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.
- 3.9 **[Reserved].**
- 3.10 **Completed Application Date.** The date on which a party submits an Interconnection Application that satisfies the requirements of a Completed Interconnection Application.
- 3.11 **Completed Interconnection Application.** An Interconnection Application that satisfies all of the information and other requirements of Section 10.3 of this TO Tariff and, if applicable, the information requirements as specified by the ISO and posted on the ISO Home Page.
- 3.12 **Congestion.** A characteristic of the transmission system produced by a binding Constraint to the optimum economic dispatch to meet Demand such that the LMP,

exclusive of Marginal Cost of Losses, at different Locations of the transmission system is not equal.

- 3.13 Congestion Management.** The alleviation of Congestion in accordance with applicable ISO Protocols and Good Utility Practice.
- 3.14 Converted Rights.** Those transmission service rights determined in accordance with Section 4.3.1.6 of the ISO Tariff.
- 3.15 CPUC.** The California Public Utilities Commission or its successor.
- 3.16 Demand.** The rates at which Energy is delivered to Load and Scheduling Points by Generation, transmission or distribution facilities. It is the product of voltage and the in-phase component of alternating current measured in units of watts or standard multiples therefore, e.g. 1000 W = 1 kW, 1000 kW= 1 MW, etc.
- 3.17 Direct Assignment Facilities.** Facilities or portions of facilities that are owned by the Participating TO necessary to physically and electrically interconnect a particular party requesting interconnection under this TO Tariff to the ISO Controlled Grid at the point of interconnection. Direct Assignment Facilities shall be specified in the Interconnection Agreement that governs Interconnection service to such party and shall be subject to FERC approval.
- 3.18 Dispatch.** The operating control of an integrated electric system to: i) assign specific Generation Units and other sources of supply to effect the supply to meet the relevant area Demand taken as Load rises or falls; ii) control operations and maintenance of high voltage lines, substations, and equipment, including administration of safety procedures; iii) operate Interconnections; iv) manage Energy transactions with other interconnected Control Areas; and v) curtail Demand.
- 3.19 Distribution System.** The distribution assets of a TO, UDC, or MSS.
- 3.20 Eligible Customer.** (i) Any utility (including any Participating TO, Market Participant or power marketer), Federal power marketing agency, or any person generating Energy for sale or resale; Energy sold or produced by such entity may be Energy produced in the United States, Canada or Mexico; however, such entity is not eligible for transmission service that would be prohibited by FPA Section 212(h)(2); and (ii) any retail customer taking unbundled transmission service pursuant to a state retail access program or pursuant to a voluntary offer of unbundled retail transmissions service by the Participating TO.
- 3.21 Encumbrance.** A legal restriction or covenant binding on the Participating TO that affects the operation of any transmission lines or associated facilities and which the ISO needs to take into account in exercising Operational Control over such transmission lines or associated facilities if the Participating TO is not to risk incurring significant liability. Encumbrances shall include Existing Contracts and may include: (1) other local restrictions or covenants meeting the definition of

Encumbrance and arising under other arrangements entered into before the ISO Operations Date, if any; and (2) legal restrictions or covenants meeting the definition of Encumbrance and arising under a contract or other arrangement entered into after the ISO Operations Date.

- 3.22 End-Use Customer or End-User.** A purchaser of electric power that purchases such power to satisfy a Load directly connected to the ISO Controlled Grid or to a Distribution System and who does not resell the power.
- 3.23 Energy.** The electrical energy produced, flowing, or supplied by Generation, transmission, or distribution facilities, being the integral with respect to time of the instantaneous power, measured in units of watt-hours or standard multiples thereof. E.g. 1000 Wh = 1 kW, 1000 kWh = 1 MWh, etc.
- 3.24 Entitlement.** The right of a Participating TO obtained through contract or other means to use another entity's transmission facilities for the transmission of Energy.
- 3.25 Existing Contracts.** Those transmission service agreements or other contracts which grant transmission service rights in existence on the ISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.
- 3.26 Existing Rights.** Those transmission service rights defined in Section 16.1 of the ISO Tariff.
- 3.27 Expedited Interconnection Agreement.** A contract between a party which has submitted a Request for Expedited Interconnection Procedures and the Participating TO under which the Participating TO agrees to process, on an expedited basis, the Completed Interconnection Application of such party and which sets forth the terms, conditions, and cost responsibilities for such Interconnection.
- 3.28 Facilities Study Agreement.** An agreement between a Participating TO and either a party requesting Interconnection to the ISO Controlled Grid, Market Participants, Project Sponsor, or identified principal beneficiaries pursuant to which the party requesting such Interconnection, Market Participant, Project Sponsor or identified principal beneficiaries agrees to reimburse the Participating TO for the cost of performing or reviewing a Facilities Study.
- 3.29 Facility or Facilities Study.** An engineering study conducted to determine required modifications to the Participating TO's transmission system, including the estimated cost and scheduled completion date for such modifications, that will be required to provide needed services.
- 3.30 FERC.** The Federal Energy Regulatory Commission, or its successor.
- 3.31 FPA.** The Federal Power Act, 16 U.S.C. § 791a *et seq.*, as it may be amended from

time to time.

- 3.32 Generating Unit.** An individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered or a Physical Scheduling Plant, that, in either case, is: (a) located within the ISO Control Area; (b) connected to the ISO Controlled Grid, either directly or via interconnected transmission or distribution facilities; and (c) that is capable of producing and delivering net Energy (Energy in excess of a generation stations' internal power requirements).
- 3.33 Generation.** Energy delivered from a Generating Unit.
- 3.34 Good Utility Practice.** Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition.
- 3.35 Gross Load.** For purposes of calculating the transmission Access Charge, Gross Load is all Energy (adjusted for distribution losses) delivered for the supply of End-Use Customer Loads directly connected to the transmission facilities or directly connected to the Distribution System of a Utility Distribution Company or MSS Operator located in a PTO Service Territory. Gross Load shall exclude (1) Load with respect to which the Wheeling Access Charge is payable, (2) Load that is exempt from the Access Charge pursuant to Section 4.1, Appendix I of the ISO Tariff, and the portion of the load of an individual retail customer of a Utility Distribution Company, Small Utility Distribution Company or MSS Operator that is served by a Generating Unit that: (a) is located on the customer's site or provides service to the customer's site through over-the-fence arrangements as authorized by Section 218 of the California Public Utilities Code; (b) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in the FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; and (c) secures Standby Service from the Participating TO under terms approved by a Local Regulatory Authority or FERC, as applicable, or can be curtailed concurrently with an Outage of the Generating Unit serving the Load. Gross Load forecasts consistent with filed Transmission Revenue Requirements will be provided by each Participating TO to the ISO.
- 3.36 High Voltage Access Charge.** A component of the Access Charge determined by the ISO under Section 26.1 of the ISO Tariff.
- 3.37 High Voltage Transmission Facility.** A transmission facility under the Operational Control of the ISO that is owned by the Participating TO or to which the Participating TO has an Entitlement that may be associated with a Converted Right, which operates at a voltage at or above 200 kilovolts, and supporting facilities, and the costs of which are not directly assigned to one or more specific customers.

- 3.38 High Voltage Transmission Revenue Requirement.** The portion of the Participating TO's TRR associated with and allocable to the Participating TO's High Voltage Transmission Facilities and Rights associated with High Voltage Transmission Facilities.
- 3.39 High Voltage Utility-Specific Rate.** The Participating TO's High Voltage Transmission Revenue Requirement divided by the Participating TO's forecast of its Gross Load.
- 3.40 High Voltage Wheeling Access Charge.** The Wheeling Access Charge assessed by the ISO associated with the recovery of the Participating TO's High Voltage Transmission Revenue Requirement in accordance with Section 26.1 of the ISO Tariff.
- 3.41 Independent System Operator ("ISO").** The California Independent System Operator Corporation, a state chartered, nonprofit corporation that controls the transmission facilities of all Participating TOs and dispatches certain Generating Units and Loads.
- 3.42 ISO ADR Procedures.** The procedures for resolution of disputes or differences set out in Section 13 of the ISO Tariff, as amended from time to time.
- 3.43 ISO Controlled Grid.** The system of transmission lines and associated facilities of the Participating TOs that have been placed under the ISO's Operational Control.
- 3.44 ISO Protocols.** The rules, protocols, procedures and standards promulgated by the ISO (as amended from time to time) to be complied with by the ISO Scheduling Coordinators, Participating TOs and all other Market Participants in relation to the operation of the ISO Controlled Grid and the participation in the markets for Energy and Ancillary Services in accordance with the ISO Tariff.
- 3.45 ISO Tariff.** The California Independent System Operator Agreement and Tariff, dated November 1, 2013, as it may be modified from time to time.
- 3.46 Interconnection.** Transmission facilities, other than additions or replacements to existing facilities that: (i) connect one system to another system where the facilities emerge from one and only one substation of the two systems and are functionally separate from the ISO Controlled Grid facilities such that the facilities are, or can be, operated and planned as a single facility; (ii) are identified as retail transmission lines pursuant to contract; or (iii) produce Generation at a single point on the ISO Controlled Grid; provided that such interconnection does not include facilities that, if not owned by the Participating TO, would result in a reduction in the ISO's Operational Control of the Participating TO's portion of the ISO Controlled Grid.
- 3.47 Interconnection Agreement.** A contract between a party requesting Interconnection and the Participating TO that owns the transmission facility with which the requesting party wishes to interconnect.

- 3.48 Interconnection Application.** An application that requests Interconnection to the ISO Controlled Grid.
- 3.49 Interest.** Interest shall be calculated in accordance with the methodology specified for interest on refunds in the regulations of FERC at 18 C.F.R. § 35.19(a)(2)(iii)(2013). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt.
- 3.50 Load.** An end-use device of an End-Use Customer that consumes power. Load should not be confused with Demand, which is the measure of power that a Load receives or requires.
- 3.51 Local Publicly Owned Electric Utility.** A municipality or municipal corporation operating as a public utility furnishing electric service, a municipal district furnishing electric services, or a joint powers authority that includes one or more of these agencies and that owns Generation or transmission facilities, or furnishes electric services over its own or its members' electric Distribution System.
- 3.52 Local Regulatory Authority.** The state or local governmental authority responsible for the regulation or oversight of a utility.
- 3.53 Local Reliability Criteria.** Reliability criteria established by the ISO, unique to the transmission systems of each of the Participating TOs, as they may be updated from time to time.
- 3.54 Low Voltage Access Charge.** The Access Charge applicable under Section 26.1 of the ISO Tariff to recover the Low Voltage Transmission Revenue Requirement of the Participating TO.
- 3.55 Low Voltage Transmission Revenue Requirement.** The portion of the Participating TO's TRR associated with and allocable to the Participating TO's Low Voltage Transmission Facilities and Converted Rights associated with Low Voltage Transmission Facilities.
- 3.56 Low Voltage Wheeling Access Charge.** The Wheeling Access Charge associated with the recovery of the Participating TO's Low Voltage Transmission Revenue Requirement in accordance with Section 26.1 of the ISO Tariff.
- 3.57 Market Participant.** An entity, including a Scheduling Coordinator, who participates in the Energy marketplace through the buying, selling, transmission, or distribution of Energy or Ancillary Services into, out of, or through the ISO Controlled Grid.
- 3.58 Metered Subsystem ("MSS").** A geographically contiguous system, located within a single zone which has been operating as an electric utility for a number of years prior to the ISO Operations Date as a municipal utility, water district, irrigation district, state agency or federal power marketing authority subsumed

within the ISO Balancing Authority Area and encompassed by ISO certified revenue quality meters at each interface point with the ISO Controlled Grid and ISO-certified revenue quality meters on all Generating Units or, if aggregated, each individual resource and Participating Load internal to the system, which is operated in accordance with a MSS agreement described in Section 4.9.1 of the ISO Tariff.

- 3.59 MidAmerican Central California Transco, LLC (“MidAmerican Central California Transco”).** The Delaware limited liability company that is the Participating TO under this TO Tariff.
- 3.60 NERC.** The North American Electric Reliability Corporation or its successor.
- 3.61 New Participating TO.** A Participating TO that is not an Original Participating TO.
- 3.62 Non-Load-Serving Participating TO.** A Participating TO that does not serve Load.
- 3.63 Non-Participating TO.** A TO that is not a party to the TCA or, for the purpose of Section 16.1 of the ISO Tariff, the holder of transmission service rights under an Existing Contract that is not a Participating TO.
- 3.64 Non-Spinning Reserve.** The portion of off-line generating capacity that is capable of being synchronized and ramping to a specified load in ten minutes (or load that is capable of being interrupted in ten minutes) and that is capable of running (or being interrupted) for at least two hours.
- 3.65 Operational Control.** The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct Participating TOs how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable nondiscriminatory transmission access and meeting Applicable Reliability Criteria.
- 3.66 Original Participating TO.** A Participating TO that was a Participating TO as of January 1, 2000. The Original Participating TOs are Pacific Gas and Electric Company (“PG&E”), Southern California Edison Company, and San Diego Gas & Electric Company.
- 3.67 Participating TO (“PTO”).** A party to the TCA whose application under Section 2.2 of the TCA has been accepted and who has placed, or expects to place, its transmission assets and/or Entitlements under the ISO’s Operational Control in accordance with the TCA. A PTO may be an Original Participating TO or a New Participating TO. For the purposes of this Tariff, the Participating TO is MidAmerican Central California Transco.
- 3.68 Participation Agreement.** An agreement between a Participating TO and a Project Sponsor that specifies the terms and conditions under which the Participating TO will construct a transmission addition or upgrade on behalf of the Project Sponsor.

- 3.69 Physical Scheduling Plant.** A group of two or more related Generating Units each of which is individually capable of producing Energy, but which either by physical necessity or operational design must be operated as if they were a single Generating Unit and any Generating Unit or Units containing related multiple generating components which meet one or more of the following criteria: (i) multiple generating components are related by a common flow of fuel which cannot be interrupted without substantial loss of efficiency of the combined output of all components; (ii) the Energy production from one component necessarily causes Energy production from other components; (iii) the operational arrangement of related multiple generating components determines the overall physical efficiency of the combined output of all components; (iv) the level of coordination required to schedule individual generating components would cause the ISO to incur scheduling costs far in excess of the benefits of having scheduled such individual components separately; or (v) metered output is available only for the combined output of related multiple generation components and separate generating component metering is either impractical or economically inefficient.
- 3.70 Project.** MidAmerican Central California Transco's interest in the jointly owned 68 mile, 230 kV transmission line that terminates at PG&E's Gates and Gregg Substations with a waypoint passing through the vicinity of the Raisin City Junction area. The project will be designed for a double-circuit 230 kV line, with the second circuit to be added at a later date. For the avoidance of doubt, the Project does not include the second circuit, nor does it include any required work within the fence line of each substation.
- 3.71 Project Proponent.** A Market Participant or group of Market Participants that (i) advocates a transmission addition or upgrade; (ii) is unwilling to pay the full cost of the proposed transmission addition or upgrade, and thus is not a Project Sponsor; and (iii) initiates proceedings under the ISO &DR Procedures to determine the need for the proposed transmission addition or upgrade.
- 3.72 Project Sponsor.** A Market Participant or group of Market Participants or a Participating TO that proposes the construction of a transmission addition or upgrade in accordance with Section 24 of the ISO Tariff.
- 3.73 Regional Transmission Group ("RTG").** A voluntary organization approved by FERC and composed of transmission owners, transmission users, and other entities, organized to efficiently coordinate the planning, expansion, and use of transmission on a regional and inter-regional basis.
- 3.74 Regulation.** The service provided either by Generating Units certified by the ISO as equipped and capable of responding to the ISO's direct digital control (AGC) signals, or by System Resources that have been certified by the ISO as capable of delivering such service to the ISO Balancing Authority Area, in an upward and downward direction to match, on a Real Time basis, Demand and resources, consistent with established NERC and WSCC reliability standards, including any requirements of the Nuclear Regulatory Commission. Regulation is used to control

the Power output of electric generators within a prescribed area in response to a change in system frequency, tieline loading, or the relation of these to each other so as to maintain the target system frequency and/or the established interchange with other Balancing Authority Areas within the predetermined Regulation Limits. Regulation includes both the increase of output by a Generating unit or System Resource (Regulation Up) and the decrease in output by a Generating unit or System Resource (Regulation Down). Regulation Up and Regulation Down are distinct capacity products, with separately stated requirements and ASMPs in each Settlement Period.

- 3.75 Regulatory Authority.** In the case of MidAmerican Central California Transco, the FERC.
- 3.76 Reliability Criteria.** Pre-established criteria that are to be followed in order to maintain desired performance of the ISO Controlled Grid under contingency or steady state conditions.
- 3.77 Reliability Upgrade.** The transmission facilities other than Direct Assignment Facilities beyond the first point of Interconnection necessary to interconnect a New Facility or wholesale Load safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the Interconnection of a New Facility or wholesale Load, including network upgrades necessary to remedy short circuit or stability problems resulting from the Interconnection of the new Facility or wholesale Load to the ISO Controlled Grid. Reliability Upgrades also include, consistent with WSCC practice, the facilities necessary to mitigate any adverse impact a New Facility's or wholesale Load's Interconnection may have on a path's WSCC path rating. Reliability Upgrades shall be specified in the Interconnection Agreement that governs Interconnection service and shall be subject to FERC approval.
- 3.78 Requests for Expedited Interconnection Procedures.** A written request by which an applicant for Interconnection can request expedited processing of its Interconnection Application.
- 3.79 Scheduling Coordinator.** An entity certified by the ISO for the purpose of undertaking the functions specified in Section 4.5 of the ISO Tariff.
- 3.80 Scheduling Point.** A location at which the ISO Controlled Grid or a transmission facility owned by a Transmission Ownership Right holder is connected, by a group of transmission paths for which a physical, non-simultaneous transmission capacity rating has been established for Congestion Management, to transmission facilities that are outside the ISO's Operational Control.
- 3.81 Spinning Reserve.** The portion of unloaded synchronized generating capacity, that is immediately responsive to system frequency and that is capable of being loaded in ten minutes, and that is capable of running for at least two hours.
- 3.82 System Impact Study.** An engineering study conducted to determine whether a

request for Interconnection to the ISO Controlled Grid would require new transmission additions, upgrades, or other mitigation measures.

- 3.83 System Impact Study Agreement.** An agreement between a Participating TO and an entity that has requested Interconnection to the Participating TO's transmission system pursuant to which the entity requesting Interconnection agrees to reimburse the Participating TO for the cost of performing or reviewing a System Impact Study.
- 3.84 TO Tariff.** This Transmission Owner Tariff, as it may be amended or superseded.
- 3.85 [Reserved].**
- 3.86 Transmission Control Agreement ("TCA").** The agreement between the ISO and Participating TOs establishing the terms and conditions under which TOs will become Participating TOs and how the ISO and each Participating TO will discharge its respective duties and responsibilities, as may be modified from time to time.
- 3.87 Transmission Owner ("TO").** An entity owning transmission facilities or having firm contractual rights to use transmission facilities.
- 3.88 Transmission Revenue Balancing Account Adjustment ("TRBAA").** A mechanism established by the Participating TO which will ensure that all Transmission Revenue Credits and other credits specified in Section 6 and 8 of Appendix F, Schedule 3 of the ISO Tariff, flow through to ISO Tariff and TO Tariff transmission customers.
- 3.89 Transmission Revenue Credit.** The proceeds received from the ISO (other than for the recovery of the Participating TO's High Voltage and Low Voltage Transmission Revenue Requirement through the High Voltage and Low Voltage Transmission Access Charges) and charges imposed by the ISO that are received and paid by the Participating TO in its role as Participating TO, as defined in the ISO Tariff.
- 3.90 Transmission Revenue Requirement ("TRR").** The total annual authorized revenue requirement associated with transmission facilities and Entitlements turned over to the Operational Control of the ISO by the Participating TO. The costs of any transmission facility turned over to the Operational Control of the ISO shall be fully included in the Participating TO's TRR. The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and is shown in Appendix I.
- 3.91 Transmission System Rights ("TSRs").** TSRs represent MidAmerican Central California Transco's exclusive transmission entitlement on the Project. MidAmerican Central California Transco, as the holder of the TSRs, is entitled to all associated rights as are available under the ISO Tariff and Protocols. The use of this definition does not limit MidAmerican Central California Transco from

seeking any additional revenues or rights that are authorized by FERC due to a beneficial increase in the ISO controlled grid capacity resulting from the Project.

- 3.92 Uncontrollable Force.** Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities or any other cause beyond the reasonable control of the ISO or Market Participant, as the case may be, which could not be avoided through the exercise of Good Utility Practice.
 - 3.93 Utility Distribution Company (“UDC”).** An entity that owns a Distribution System for the delivery of Energy to and from the ISO Controlled Grid, and/or that provides regulated retail electric service to End-Users.
 - 3.94 Voltage Support.** Services provided by Generating Units or other equipment such as shunt capacitors, static var compensators, or synchronous condensers that are required to maintain established grid voltage criteria. This service is required under normal or system emergency conditions.
 - 3.95 Western Electricity Coordinating Council (“WECC”).** The Western Electricity Coordinating Council or its successor.
 - 3.96 Wheeling Access Charge.** The charge assessed by the ISO that is paid by a Scheduling Coordinator for Wheeling in accordance with Section 26.1.4.1 of the ISO Tariff. Wheeling Access Charges shall not apply for Wheeling under a bundled non-economy Energy coordination agreement of a Participating TO executed prior to July 9, 1996. The Wheeling Access Charge consists of a High Voltage Wheeling Access Charge and, if applicable, a Low Voltage Wheeling Access Charge.
 - 3.97 Wheeling Out.** Except for Existing Rights exercised under an Existing Contract in accordance with Section 16.1 of the ISO Tariff, the use of the ISO Controlled Grid for the transmission of Energy from a Generating Unit located within the ISO Controlled Grid to serve a Load located outside the transmission and Distribution System of a Participating TO.
 - 3.98 Wheeling Through.** Except for Existing Rights exercised under an Existing Contract in accordance with Section 16.1 of the ISO Tariff, the use of the ISO Controlled Grid for the transmission of Energy from a resource located outside the ISO Controlled Grid to serve a Load located outside the transmission and Distribution System of a Participating TO.
 - 3.99 Wheeling.** Wheeling Out or Wheeling Through.
 - 3.100 Wholesale Customer.** A person wishing to purchase Energy and Ancillary Services at a Bulk Supply Point or a Scheduling Point for resale.
- 4. Eligibility.** Transmission service over a Participating TO’s system shall be provided only to Eligible Customers as defined by the ISO Tariff. Any dispute as to whether a customer

is eligible for service under this TO Tariff shall be resolved by the FERC.

5. Access Charges and Transmission Rates. The applicable Access Charges are provided in the ISO Tariff.

5.1 Low Voltage Access Charge. The Low Voltage Access Charge shall be determined in accordance with the ISO Tariff. As MidAmerican Central California Transco is a Non-Load-Serving Participant TO, the ISO shall charge for and collect the Low Voltage Access Charge on MidAmerican Central California Transco's behalf pursuant to Section 26.1 and Appendix F, Schedule 3, Section 13 of the ISO Tariff from the Participating TO to whose facilities MidAmerican Central California Transco's Low Voltage Transmission Facilities are directly connected. The rate for MidAmerican Central California Transco's Low Voltage Access Charge shall be MidAmerican Central California Transco's Low Voltage Transmission Revenue Requirement divided by the forecasted Gross Load of the Participating TO that is the Low Voltage Access Charge customer. The Low Voltage Access Charge customer shall pay the ISO a Low Voltage Access Charge equal to the product of MidAmerican Central California Transco's Low Voltage Access Charge rate and the actual Gross Load of the Participating TO that is the Low Voltage Access Charge Customer.

5.2 Wheeling Access Charge. The Wheeling Access Charge shall be determined in accordance with the ISO Tariff. The Wheeling Access Charge assessed by the ISO consists of a High Voltage Wheeling Access Charge and, if applicable, a Low Voltage Wheeling Access Charge. The High Voltage Wheeling Access Charge is set forth in the ISO Tariff.

5.3 Transmission Revenue Requirement. As set forth in the ISO Tariff, the Transmission Revenue Requirement for each Participating TO is used to develop the Access Charges set forth in the ISO Tariff and is used by the ISO to calculate the disbursement of Wheeling revenues among Participating TOs. Wheeling revenues are disbursed by the ISO to Participating TOs pursuant to Section 26.1.4.3 of the ISO Tariff. MidAmerican Central California Transco's TRR is set forth in Appendix I.

5.4 Transmission System Rights. MidAmerican Central California Transco owns the TSRs with respect to the Project consistent with its ownership percentage of the Project and owns the TSRs with respect to any subsequent project it develops.

5.5 Transmission Revenue Balancing Account Adjustment. The Participating TO shall maintain a Transmission Revenue Balancing Account with an annual TRBAA that will ensure that all Transmission Revenue Credits and adjustments for any over-or under-recovery of its annual Transmission Revenue Requirement, if any, specified in Sections 6, 8 and 13 of Appendix F, Schedule 3 of the ISO Tariff, flow through to transmission customers. The TRBAA used to calculate the High Voltage Revenue Requirement shall include other adjustments specified in Appendix F, Schedule 3, Sections 6, 8 and 13 of the ISO Tariff.

The TRBAA shall be equal to:

$$\text{TRBAA} = \text{Cr} + \text{Cf} + \text{I}$$

Where:

Cr = The principal balance in the Transmission Revenue Balancing Account (“TRBA”) recorded in FERC Account No. 254 as of September 30 of the year prior to commencement of the January billing cycle. This balance represents the unamortized balance in the TRBA from the previous period and the difference in the amount of revenues or expenditures from Transmission Revenue Credits and any over- or under-recovery of its annual Transmission Revenue Requirement and the amount of such revenues or expenditures that has been refunded to or collected from customers through operation of the TRBAA;

Cf = The forecast of Transmission Revenue Credits, if any, for the following calendar year;

I = The interest balance for the TRBA, which shall be calculated using the interest rate pursuant to Section 35.19(a) of FERC’s regulations under the Federal Power Act (18 CFR Section 35.19(a)). Interest shall be calculated based on the average TRBA principal balance each month, compounded quarterly; and

The MidAmerican Central California Transco TRBAA, calculated in accordance with the ISO Tariff and approved by the FERC, is stated in Appendix I.

6. **Ancillary Services - Applicability and Charges.** Ancillary Services are needed to maintain reliability within the ISO Controlled Grid. If any Ancillary Services are required, MidAmerican Central California Transco will not provide such services directly to the transmission customer and the transmission customer will be required to meet any such requirement in accordance with the ISO Tariff.
7. **Billing and Payment.**
 - 7.1 The ISO, in accordance with the ISO Tariff, shall pay the Participating TO, among other things, all applicable Access Charge revenues and Wheeling revenues in connection with the Project and any other transmission facility owned by the Participating TO and placed under the operational control of the ISO.
 - 7.2 Users of MidAmerican Central California Transco’s High and Low Voltage Transmission Facilities and Entitlements placed under the ISO’s Operational Control shall pay to the ISO all applicable charges in accordance with the ISO Tariff.
8. **Obligation to Interconnect or Construct Transmission Expansions and Facility Upgrades.** Unless MidAmerican Central California Transco is the lead Participating TO with respect to an Interconnection, the provisions of Section 8 of this TO Tariff, and its

subparts, shall have no application to the Project or any other High Voltage Transmission Facilities, Low Voltage Transmission Facilities, or Entitlements turned over to the ISO's operational control by MidAmerican Central California Transco, and the corresponding provisions of the lead Participating TO's TO Tariff shall govern.

8.1 Participating TO Obligation to Interconnect. The Participating TO shall, at the request of a third party, interconnect its system to the wholesale generation or Load of such third party, or modify an existing wholesale Interconnection. Interconnections under this TO Tariff shall be available to entities eligible to request Interconnection consistent with the provisions of Section 210(a) of the FPA. The procedures for Interconnection of wholesale generation to the ISO Controlled Grid shall be governed by the ISO Tariff.

8.1.1 Interconnection to Transmission System. Interconnection must be consistent with Good Utility Practice, in conformance with all Applicable Reliability Criteria, all applicable statutes, regulations, and ISO reliability criteria for the ISO Controlled Grid. The Participating TO will not accommodate the Interconnection if doing so would impair systems reliability, or would otherwise impair the ability of the Participating TO to honor its Encumbrances existing as of the time an entity submits its Interconnection Application. The Participating TO shall identify any such adverse effect on its Encumbrances in the System Impact Study performed pursuant to Section 10.7. To the extent the Participating TO determines that the Interconnection will have an adverse effect on Encumbrances, the party requesting Interconnection shall mitigate such adverse effect.

8.1.2 Costs Associated with Interconnection. Each party requesting Interconnection shall pay the costs of planning, installing, owning, operating, and maintaining any Direct Assignment Facilities and, if applicable, any Reliability Upgrades required to provide the requested Interconnection. In addition, such party shall implement all existing operating procedures necessary to safely and reliability interconnect such party's generation or wholesale load to the facilities of the Participating TO and to ensure the ISO Controlled Grid's conformance with the ISO Grid Planning Criteria, and shall bear all costs of implementing such operating procedures. Any additional costs associated with accommodating the Interconnection shall be allocated in accordance with the cost responsibility methodology set forth in the ISO Tariff for transmission expansions or upgrades.

8.1.3 Interconnection Agreement. Pursuant to Section 10.4, 10.7.1, or 10.9.1, a party requesting an Interconnection shall request in writing that the Participating TO tender to such part an Interconnection Agreement that will be filed with FERC, or the Local Regulatory Authority, in the case of a Local Publicly Owned Electric Utility. The Interconnection Agreement will include, without limitation, cost responsibilities and payment

provisions for any engineering, equipment, and construction, ownership, operation and maintenance costs for any Direct Assignment Facilities, any Reliability Upgrades, any Delivery Upgrades, if applicable, and for any other mitigation measures. For an Interconnection request to remain a Completed Interconnection Application, the party requesting the Interconnection shall execute the Interconnection Agreement and return it to the Participating TO within thirty (30) Business Days of receipt. Alternatively, if an Eligible Customer requesting the Interconnection requests the Participating TO to file an unexecuted Interconnection Agreement and commits to abide by the terms, conditions, and cost assignments determined to be just and reasonable under the ISO ADR Procedures, including any determination by FERC or on appeal of a FERC determination in accordance with that process, the Participating TO shall promptly file an unexecuted Interconnection Agreement. Provided, however, that if the ISO ADR Procedures concerns whether the requesting entity is an Eligible Customer, the Participating TO shall not be obligated to file an unexecuted interconnection Agreement or commence construction of the Interconnection facilities or incur other costs under the Interconnection Agreement until a final order determining the just and reasonable rates, terms, and conditions for such Interconnection Agreement has been issued by the applicable court or regulatory authority. The Interconnection Agreement will set forth a payment schedule that enables the Participating TO to recover its costs. If the applicant elects not to execute the Interconnection Agreement and does not request the Participating TO to file an unexecuted Interconnection Agreement, its Completed Interconnection Agreement shall be deemed withdrawn, and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application not covered by any System Impact Study Agreement or Facilities Study Agreement. To maintain its queue position, the applicant must timely comply with the Interconnection requirements of Section 5.76 of the ISO Tariff and Sections 8.1 and 10 of this TO Tariff. If the applicant fails to timely comply with such Interconnection requirements, such applicant shall pay the reasonable costs of revising the System Impact Studies for other applicants that have established a new queue position due to the applicant either withdrawing its Interconnection Application or because its queue position has been modified pursuant to the queuing provisions in Section 25 of the ISO Tariff.

8.1.4 Due Diligence to Construct. The Participating TO shall use due diligence to construct, within a reasonable time, any Direct Assignment Facilities and any Reliability Upgrades that it is obligated to construct pursuant to this TO Tariff and Section 24 of the ISO Tariff. The Participating TO's obligation to build will be subject to: (1) its ability, after making a good faith effort, to obtain any necessary approvals and property rights under applicable federal, state, and local laws; (2) the presence of a cost recovery mechanism with cost responsibility assigned

to accordance with the ISO Tariff or applicable FERC precedent; and (3) a signed Interconnection Agreement or a signed Expedited Interconnection Agreement, or, by mutual agreement of the parties, FERC acceptance for filing of an unexecuted Interconnection Agreement.

8.1.5 Energization. The Participating TO shall not be obligated to energize, nor shall the applicant or wholesale load be entitled to have its interconnection to the ISO Controlled Grid energized, unless and until an Interconnection Agreement has been executed, or filed at FERC pursuant to Section 8.1.3, and become effective and such applicant or wholesale load has demonstrated to the ISO's reasonable satisfaction that it has complied with all of the requirements of the ISO Tariff and the requirements of this TO Tariff.

8.1.6 Coordination with ISO on Interconnection Requests. The Participating TO shall coordinate with the ISO, pursuant to the provisions of the TCA, in developing interconnection standards and guidelines for processing interconnection request under this TO Tariff.

8.2 Participating TO Obligation to Construct Transmission Expansions or Facility Upgrades. The Participating TO shall be obligated to: (1) perform System Impact or Facility Studies where the Project Sponsor or the ISO agrees to pay the study cost and specifies the project objectives to be achieved, and (2) build transmission additions and facility upgrades where the Participating TO is obligated to construct or expand facilities in accordance with and subject to the limitations under Section 24 of the ISO Tariff' and this TO Tariff.

8.2.1 Obligation to Construct. A Participating TO shall not be obligated to construct or expand transmission facilities or system upgrades unless and until the conditions stated in Section 9.2.1 hereof have been satisfied.

8.3 Request for FERC Deference Regarding Need Determination. It is intended that FERC grant substantial deference to the factual determinations of the ISO, (including the ISO's ADR Procedures), the CPUC, WECC, or RTG coordinated planning processes as to the need for or construction of a facility, the need for full cost recovery, and the allocation of costs.

9. Expansion Process. Unless MidAmerican Central California Transco is the lead Participating TO with respect to a required system expansion, the provisions of Section 9 of this TO Tariff, and its subparts, shall have no application to the Project or any other High Voltage Transmission Facilities, Low Voltage Transmission Facilities, or Entitlements turned over to the ISO's operational control by MidAmerican Central California Transco and the corresponding provisions of the lead Participating TO's TO Tariff shall govern.

9.1 Determination of Facilities. A Participating TO shall perform a Facilities Study in accordance with the Section where (1) the Participating TO is obligated to construct or expand facilities in accordance with Section 24 of the ISO Tariff and

this TO Tariff; (2) a Market Participant agrees to pay the costs of the Facilities Study and specifies the project objectives to be achieved in terms of increase capacity or reduce congestion; or (3) the Participating TO is required to perform a Facilities Study pursuant to the ISO Tariff.

9.1.1 Payment of Facilities Study's Cost.

9.1.1.1 Market Participant to Pay for Facilities Study. Where a Market Participant requests a Facilities Study and the need for the transmission addition or upgrade has not been established in accordance with the procedures established herein and the ISO Tariff, the Market Participant shall pay the cost of the Facilities Study.

9.1.1.2 Project Sponsor or Project Proponent to Pay for Facility Study. Where the facilities to be added or upgraded have been determined to be needed in accordance with the procedures established herein, the Project Sponsor, Project Proponent, or the ISO requesting the study shall pay in advance the reasonable cost of the Facilities Study. When the Participating TO is the Project Sponsor in accordance with the ISO Tariff, the costs of the Facilities Study shall be recovered through its Access Charges and transmission rates.

9.1.1.3 Principal Beneficiaries to Pay for Facilities Study. Where the facilities to be added or upgraded have been determined to be needed and the principal beneficiaries have been identified by the ISO or ISO ADR Procedures in accordance with the ISO Tariff the Project Sponsor and the identified principal beneficiaries shall pay the reasonable cost of the Facilities Study, in such proportions as may be agreed, or, failing agreement, as determined in accordance with the ISO ADR Procedures.

9.1.2 Payment Procedure. Where a Facilities Study is being conducted pursuant to this TO Tariff, the Participating TO shall, within thirty days of the receipt of all reasonably required information, tender to the Market Participant, Project Sponsor, Project Proponent, ISO, or identified principal beneficiaries, as the case may be, a Facilities Study Agreement that defines the scope, content, assumptions, and terms of reference for such study, the estimated time required to complete it, and such other provisions as the parties may reasonably require and pursuant to which such Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiaries agree to reimburse the Participating TO the reasonable cost of performing the required Facilities Study. If the Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiaries, as the case may be, agree to the terms of the Facilities Study Agreement, they shall execute the Facilities Study

Agreement and return it to the Participating TO within ten Business Days. Alternatively, if the Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiaries, as the case may be, request the Participating TO to proceed with the Facilities Study and commit to abide by the terms, conditions, and cost assignments ultimately determined under the ISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the Facilities Study, and the parties shall submit the disputed terms for resolution under the ISO's ADR Procedures.

9.1.3 Facilities Study Procedures. Upon receipt of an executed Facilities Study Agreement or alternative request to proceed as provided for in Section 9.1.2, a copy of which has been provided to the ISO by the party requesting the Facilities Study, the Participating TO will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Participating TO is unable to complete the Facilities Study in the allotted time period, the Participating TO shall notify the Market Participant and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. If additional time is required, the Participating TO will use best efforts to complete the study within 10 months, provided adequate information is provided by all the parties.

9.2 Obligation to Build.

9.2.1 Due Diligence to Construct. Subject to Section 9.3.3 of this TO Tariff, the Participating TO shall use due diligence to construct, within a reasonable time, additions or upgrades to its transmission system that it is obligated to construct pursuant to the ISO Tariff and this TO Tariff. Alternatively, if a Market Participant requests the Participating TO to file an unexecuted Participation Agreement and commits to abide by the terms, conditions, and cost assignments determined to be just and reasonable under the ISO ADR Procedures, including any determination by FERC or on appeal of a FERC determination in accordance with that process, the Participating TO shall promptly file an unexecuted Participation Agreement. Provided, however, that if the ISO ADR Procedures concerns whether the requesting entity is an Eligible Customer, the Participating TO shall not be obligated to file an unexecuted Participation Agreement or alternatively, if a Market Participant requests the Participating TO to file an unexecuted Participation Agreement and commits to abide by the terms, conditions, and cost assignments determined to be just and reasonable under the ISO ADR Procedures, including any determination by FERC or on appeal of a FERC determination in accordance with that process, the Participating TO shall promptly file an unexecuted Participation Agreement. Provided, however, that if the ISO ADR Procedures concerns whether the requesting entity is an Eligible Customer, the Participating TO shall not be obligated to file an unexecuted Participation Agreement, commence construction of the

additions or upgrades or incur other costs under the Participation Agreement until a final order determining the just and reasonable rates, terms, and conditions for such Participation Agreement has been issued by the applicable court or regulatory authority. The Participating TO's obligation to build will be subject to: 1) its ability, after making a good faith effort, to obtain the necessary approvals and property rights under applicable federal, state, and local laws; 2) the presence of a cost recovery mechanism with cost responsibility assigned in accordance with the ISO Tariff; and 3) a signed Participation Agreement. The Participating TO will not construct or expand its existing or planned transmission system, if doing so would impair system reliability as determined through systems analysis based on the Applicable Reliability Criteria.

9.2.2 Delay in Construction or Expansion. If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Participating TO shall promptly notify: (1) the Project Sponsor with regard to facilities determined to be needed; (2) the Parties to the Participation Agreement with regard to facilities determined to be needed pursuant to the ISO Tariff where principal beneficiaries were identified; and (3) the ISO. In such circumstances, the Participating TO shall, within thirty days of notifying such Project Sponsor, Parties to the Participation Agreement, and the ISO of such delays, convene a technical meeting with such Project Sponsor, Parties to the Participation Agreement, and the ISO to discuss the circumstances which have arisen and evaluate any options available. The Participating TO also shall make available to such Project Sponsor, Parties to the Participation Agreement, and the ISO, as the case may be, studies and work papers related to the cause and extent of the delay and the Participating TO's ability to complete the new facilities, including all information that is in the possession of the Participating TO that is circumstances which have arisen and evaluate any options available. The Participating TO also shall make available to such Project Sponsor, Parties to the Participation Agreement, and the ISO, as the case may be, studies and work papers related to the cause and extent of the delay and the Participating TO's ability to complete the new facilities, including all information that is in the possession of the Participating TO that is reasonably needed to evaluate the alternatives.

9.2.2.1 Alternatives to the Original Facility Additions. If the review process of Section 9.2.2 determines that one or more alternatives exist to the originally planned construction project, the Participating TO shall present such alternatives for consideration to the Project Sponsor, Parties to the Participation Agreement, and the ISO, as the case may be. If upon review of any alternatives, such Project Sponsor, the ISO, or Parties to the Participation Agreement wish to evaluate or to proceed with one of the alternative additions or upgrades, such Project Sponsor, the ISO, or Parties to the Participation Agreement may request that the Participating TO

prepare a revised Facility Study pursuant to Sections 9.1.1, 9.1.2, and 9.1.3 of this TO Tariff. In the event the Participating TO concludes that no reasonable alternative exists to the originally planned addition or upgrade and the Project Sponsor or Parties to the Participation Agreement or the ISO disagree, the dispute shall be resolved pursuant to the ISO ADR Procedure.

9.2.2.2 Refund Obligation for Unfinished Facility Additions. If the Participating TO and the Project Sponsor, the ISO, or Parties to the Participation Agreement, as the case may be, mutually agree that no other reasonable alternatives exist, the obligation to construct the requested additions or upgrades shall terminate and any deposit not yet applied toward the expended project costs shall be returned with interest pursuant to FERC Regulation 35.19(a)(2)(iii). However, the Project Sponsor and any identified principal beneficiaries, as the case may be, shall be responsible for all costs prudently incurred by the Participating TO through the time the construction was suspended.

9.3 Provisions Relating To Transmission Construction On the System Of Other TOs.

9.3.1 Responsibility for Third Party Additions. A Participating TO shall not be responsible for making arrangements for any engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Participating TO will undertake reasonable efforts through the coordinated planning process to assist in making such arrangements, including, without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

9.3.2 Coordination of Third-Party System Additions. Where transmission additions or upgrades being built pursuant to the ISO Tariff require additions or upgrades on other systems, to the extent consistent with Section 9.3.3 of this TO Tariff, the Participating TO shall coordinate construction on its own system with the construction required by others. The Participating TO, after consultation with the ISO, the Project Sponsor, and Parties to the Participation Agreement, as the case may be, may defer construction if the new transmission facilities on another system cannot be completed in a timely manner. The Participating TO shall notify such Project Sponsor, Parties to the Participation Agreement, and the ISO, in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of the new facilities. Within forty Business Days of receiving written notification by the Participating TO of its intent to defer construction pursuant to this section, such Project Sponsor, Parties to the Participation Agreement, or the ISO may challenge the decision in

accordance with the ISO ADR Procedure.

10. Interconnection Process. Unless MidAmerican Central California Transco is the lead Participating TO with respect to a requested interconnection, the provisions of Section 10 of this TO Tariff, and its subparts, shall have no application to the Project or any other High Voltage Transmission Facilities, Low Voltage Transmission Facilities, or Entitlements turned over to the ISO's operational control by MidAmerican Central California Transco and the corresponding provisions of the lead Participating TO's TO Tariff shall govern. All requests for interconnection with the Project or any other High Voltage Transmission Facilities, Low Voltage Transmission Facilities, or Entitlements turned over to the ISO's operational control by MidAmerican Central California Transco shall be directed to the lead Participating TO, with notice of the request provided to MidAmerican Central California Transco.

10.1 Applicability. All requests for Interconnection directly to the ISO Controlled Grid from parties eligible to request such Interconnection consistent with Section 210(a) of the FPA shall be processed pursuant to the provisions of this Section 10. All requests for Interconnection of wholesale generation directly to the ISO Controlled Grid shall be processed pursuant to the provisions of the ISO Tariff.

10.2 Applications. Except as provided in Section 10.2.1, a party requesting Interconnection shall submit a written Interconnection Application which provides the information required in Section 10.3 to the Participating TO and shall send a copy of the application to the ISO. The Participating TO shall timestamp the application to establish study priority.

10.3 Interconnection Application. An Interconnection Application shall provide all the information listed in 18 CFR § 2.20, including, but not limited to, the following: (i) the identity, address, telephone number, and facsimile number of the entity requesting Interconnection; (ii) the Interconnection point(s) to the ISO Controlled Grid contemplated by the applicant; (iii) the resultant (or new) maximum amount of Interconnection capacity contemplated by the applicant; (iv) the proposed date for energizing the Interconnection and the term of the Interconnection service, and (v) such other information as the Participating TO reasonably required to process the application. In addition to the information specified above, the following information may also be provided in order to properly evaluate system conditions: (vi) If the applicant is a wholesale load, the electrical location of the source of the power (if known) to be transmitted pursuant to applicant's request for Interconnection. If the source of the power is not known, a system purchase will be assumed. If the location of the load is not known, a system sale will be assumed; and, in addition, if an applicant proposes to perform or cause a third party to perform any required System Impact Study or any required Facilities Study, it shall so indicate in its Interconnection Application. The results of any study or studies performed by an applicant must be approved by both the ISO and the Participating TO. Within ten (10) Business Days after receipt of an Interconnection Application, the Participating TO and the ISO if applicable shall determine whether the application is complete ("Completed Interconnection Agreement"). Whenever

possible, the participating TO will attempt to remedy deficiencies in the Interconnection Application through informal communications with the applicant. If such efforts are unsuccessful, the Participating TO shall return the Interconnection Application to the applicant. The Participating TO will treat the information in the Interconnection Agreement, including the applicant's identity, as confidential at the request of the applicant except to the extent that disclosure of the information is required by this TO Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG or ISO transmission information sharing agreements. The Participating TO shall treat this information consistent with the standards of conduct contained in Part 37 of FERC's regulations.

10.3.1 Amendment to Completed Interconnection Application. An applicant shall only be limited to amending its Completed Interconnection Application once. Such amendment shall occur on or before ten (10) Business Days following the date the Participating TO tenders any Facilities Study Agreement. Specifically, an applicant may submit an amendment to its Completed Interconnection Application to reflect a revised configuration for its New Facility. The amended Completed Interconnection Application shall be treated in accordance with Section 25 of the ISO Tariff and Section 10.5 of this TO Tariff; the applicant's Completed Interconnection Application shall be deemed withdrawn; and the applicant shall maintain its existing queue position, if (a) the amended Completed Interconnection Application is received by the Participating TO within ten (10) Business Days of the Participating TO's tender of a Facilities Study Agreement; and (b) the applicant has not submitted a previous amendment to the Completed Interconnection Application. In the event an applicant amends its Completed Interconnection Application, it will be responsible for any additional study costs that result from that amendment, including costs associated with revisions to studies for other applicants holding later queue positions.

10.4 Review of Completed Interconnection Application. After receiving a Completed Interconnection Application, the Participating TO and the ISO, if applicable, will determine on a non-discriminatory basis whether a System Impact Study is required. Whenever the Participating TO, and the ISO, if applicable, determines that a System impact Study is not required and that neither Reliability Upgrades nor changes in existing operating procedures are required, the Participating TO shall notify the applicant within fifteen (15) Business Days of the Completed Application Date. If the Interconnection can be accommodated without any Direct Assignment Facilities, then within thirty (30) Business Days of such notice from the Participating TO, the applicant shall request the Participating TO to tender to the applicant an Interconnection Agreement within thirty (30) Business Days of such request. The Participating TO shall tender to the applicant an Interconnection Agreement as provide in Section 8.1.3. If the Participating TO determines upon review of the Completed Interconnection Application, that Direct Assignment Facilities are required, the Participating TO shall tender to the applicant a Facilities

Study Agreement within twenty (20) Business Days of the Completed Application Date and continue the Interconnection process pursuant to Section 10.8.

10.5 Notice of Need for System Impact Study. If the Participating TO, and the ISO, if applicable, determines that a System Impact Study is necessary to accommodate the requested Interconnection, the Participating TO shall so inform the applicant as soon as practicable. In such cases, the Participating TO shall within twenty (20) Business Days of receipt of a Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be completed by the Participating TO, the estimated time required to complete it, and such other provisions as the parties may reasonably require, and pursuant to which the applicant shall agree to reimburse the Participating TO for the reasonable actual costs of performing the required System Impact Study. A description of the Participating TO's transmission assessment practices for completing a System Impact Study shall be provided in the Participating TO's FERC Form 715. Alternatively, if the applicant will perform the System Impact Study, the Participating TO shall within twenty (20) Business Days of receipt of a Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be reviewed by the Participating TO; the estimated time required to complete it; and such other provisions as the parties may reasonably require, and pursuant to which the applicant shall agree to reimburse the Participating TO for the reasonable actual costs of reviewing the required System Impact Study. For an Interconnection request to remain a Completed Interconnection Application, the applicant shall execute the System Impact Study Agreement and return it to the Participating TO within ten (10) Business Days together with payment for the reasonable estimated cost of performing the System Impact Study or reviewing the applicant's System Impact Study. Alternatively, if the applicant request the Participating TO to proceed with the System Impact Study or review thereof and commits to abide by the terms, conditions, and cost assignments ultimately determined under the ISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the System Impact Study provided that such request is accompanied by payment of the reasonable estimated cost of the System Impact Study, and the parties shall submit the disputed terms for resolution under the ISO's ADR Procedures. If the applicant elects not to execute a System Impact Study Agreement, and does not request that the Participating TO proceed with the System Impact Study or review thereof, its application shall be deemed withdrawn, and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application.

10.6 Impact Study Cost Reimbursement and Agreement.

10.6.1 Cost Reimbursement. The System Impact Study Agreement shall clearly specify the charge, based on the Participating TO's estimate of the cost and time for completion of the System Impact Study. The charge shall not exceed the reasonable actual cost of the study. In performing the System

Impact Study, the Participating TO shall rely, to the extent reasonably practicable, on existing transmission planning studies. The applicant will not be assessed a charge for such existing studies; however, the applicant will be responsible for the reasonable charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact on the applicant's request.

10.6.2 Multiple Parties. If multiple parties request Interconnection at the same location, the participating TO may conduct a single System Impact Study. The costs of that study shall be pro-rated among the parties requesting Interconnection.

10.7 System Impact Study Procedures. Upon receipt of an executed System Impact Study Agreement or initiation of the ISO ADR Procedures and receipt of payment for estimated study costs, the Participating TO will use due diligence to either (a) complete the required System Impact Study within a sixty (60) calendar day period or (b) complete its review of an applicant's System Impact Study within thirty (30) calendar days of its receipt of the completed study. The System Impact Study will identify whether any Direct Assignment Facilities or Reliability Upgrades are necessary to deliver a New Facility's full output over the ISO Controlled Grid, or any transmission additions or upgrades are necessary to serve a wholesale load. The System Impact Study will also identify any adverse impact on Encumbrances existing as of the applicant's Completed Application Date. In the event that the Participating TO is unable to complete the required System Impact Study within such time period, it shall so notify the applicant, in writing, and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the applicant and the ISO. The Participating TO shall notify the applicant and the ISO immediately upon completion of the System Impact Study.

10.7.1 Procedures Upon Completion of System Impact Study. Within fifteen (15) Business Days of completion of the System Impact Study or review and approval of an applicant's System Impact Study, the Participating TO shall notify the applicant whether the transmission system will be adequate to accommodate all of a request for Interconnection. If no costs are likely to be incurred for any Direct Assignment Facilities, any Reliability Upgrades, or implementing any operating procedures, then within thirty (30) Business Days of receipt of written approval of the applicant's System Impact Study from the Participating TO and the ISO the applicant shall request the Participating TO to tender an Interconnection Agreement within thirty (30) Business Days of such request. The Participating TO shall tender to the applicant an Interconnection Agreement as provided in Section 8.1.3. If costs are likely to be incurred to accommodate a request for Interconnection, the Participating TO shall tender to the applicant a Facilities Study Agreement pursuant to Section 10.8.

10.8 Notice of Need for Facilities Study. If a System Impact Study indicates that additions or upgrades to the ISO Controlled Grid are needed to satisfy an applicant's request for interconnection, the Participating TO shall, within fifteen (15) Business Days of the date of the System Impact Study or the completion of review and approval of the applicant's System Impact Study by the Participating TO, tender to the applicant a Facilities Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be completed by the Participating TO; the estimated time required to complete the required study; and such other provisions as the parties may reasonably require, and pursuant to which the applicant agrees to reimburse the Participating TO for the reasonable actual costs of performing the required Facilities Study. Alternatively, if the applicant will perform the Facilities Study, the Participating TO shall within fifteen (15) Business Days of the completion date of the System Impact Study or the completion of review and approval of the applicant's System Impact Study, tender a Facilities Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be reviewed by the Participating TO; the estimated time required to complete the required review; and such other provisions as the parties may reasonably require, and pursuant to which the applicant agrees to reimburse the Participating TO for the reasonable actual costs of reviewing the required Facilities study. For an Interconnection request to remain a Completed Interconnection Application, the applicant shall execute the Facility Studies Agreement and return it to the Participating TO within ten (10) Business Days together with payment for the reasonable estimated costs of performing the Facilities Study or reviewing the applicant's Facilities Study. Alternatively, if the applicant request the Participating TO to proceed with the Facilities Study to review thereof and commits to abide by terms, conditions, and cost assignments ultimately determined under the ISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the Facilities Study provided that such request is accompanied by payment for the reasonable estimated cost of the Facilities Study, and the parties shall submit the disputed terms for resolution under the ISO ADR Procedures. If the applicant elects not to execute a Facilities Study Agreement and does not request that the Participating TO proceed with the Facilities Study or review thereof, its application shall be deemed withdrawn and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application not covered by the System Impact Study Agreement.

10.9 Facilities Study Procedures. Upon receipt of an executed Facilities Study Agreement or initiation of the ISO ADR Procedures and receipt of payment for the estimated study costs, the Participating TO will use due diligence to either (a) complete the required Facilities Study within a sixty (60) calendar day period or (b) complete its review of an applicant's Facilities Study within thirty (30) calendar days of its receipt of the Completed Study. In the event that Participating TO is unable to complete the required Facilities Study within such time period, it shall so notify the applicant, in writing, and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the

required studies. A copy of the completed Facilities Study shall be made available to the applicant.

10.9.1 Execution of Interconnection Agreement. Within thirty (30) Business Days of receipt of the completed Facilities Study performed by the Participating TO or receipt of written approval of the applicant's Facilities Study from the Participating TO, the applicant shall request the Participating TO to tender an Interconnection Agreement within thirty (30) Business Days of such request. The Participating TO shall tender to the applicant an Interconnection Agreement as provided in Section 8.1.3.

10.10 Partial Interim Service. If the Participating TO determines that there will not be adequate transmission capability to satisfy the full amount requested in a Completed Interconnection Application, the Participating TO nonetheless shall be obligated to offer and provide the portion of the requested Interconnection that can be accommodated without any additional Direct Assignments Facilities or Reliability Upgrades. However, the Participating TO shall not be obligated to provide the incremental amount of requested Interconnection that requires such additional facilities or upgrades until such facilities or upgrades have been placed in service.

10.11 Expedited Interconnection Procedures. In lieu of the procedures set forth above, the applicant shall have the option to expedite the processing of its Completed Interconnection Application. In order to exercise this option, the applicant shall submit in writing a Request for Expedited Interconnection Procedures to the Participating TO within ten (10) Business Days after receiving a copy of the System Impact Study for the proposed Interconnection. Within ten (10) Business Days after receiving a Request for Expedited Procedures, the Participating TO shall tender an Expedited Interconnection Agreement that requires the applicant to compensate the Participating TO for all costs reasonably incurred pursuant to the terms of this To Tariff for processing the Completed Interconnection Application and providing the requested Interconnection. While the Participating TO agrees to provide the applicant with its best estimate of the costs of any needed Direct Assignment Facilities and, if applicable, Reliability Upgrades, and such other charges that may be incurred, unless otherwise agreed by the parties, such estimate shall not be binding and the applicant must agree in writing to compensate the Participating TO for all actual Interconnection costs reasonably incurred pursuant to the provisions of this TO Tariff. The applicant shall execute and return such Expedited Service Agreement within ten (10) Business Days of its receipt or the applicant's request for Interconnection will cease to be a Completed Interconnection Application and will be deemed terminated and withdrawn. In that event, the applicant shall reimburse the Participating TO for all costs reasonably incurred in processing the application not covered by the terms of the System Impact Study Agreement.

11. Uncontrollable Forces and Indemnification

11.1 Procedures to Follow If Uncontrollable Force Occurs. In the event of the occurrence of an Uncontrollable Force which prevents the Participating TO or a Market Participant from performing any of its obligations under this TO Tariff, the affected entity shall (i) if it is the Participating TO, immediately give notice to the Market Participants in writing of the occurrence of such Uncontrollable Force and, if it is a Market Participant, immediately give notice to the Participating TO of the occurrence of such Uncontrollable Force; (ii) not be entitled to suspend performance in any greater or longer duration than is required by the Uncontrollable Force, (iii) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance hereunder, (iv) in the case of the Participating TO, keep the Market Participants apprised of such efforts and, in the case of the Market Participants, keep the Participating TO apprised of mitigation efforts, in each case on a continual basis; and (v) provide written notice of the resumption of performance hereunder. Notwithstanding any of the foregoing, the settlement of any strike, lockout, or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the entity affected thereby, and the requirement that a Participating TO or Market Participant must use its best efforts to remedy the cause of the Uncontrollable Force and mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts, or labor disputes. No Market Participant or Participating TO will be considered in default as to any obligation under this TO Tariff if prevented from fulfilling the obligation due to the occurrence of an Uncontrollable Force.

11.2 Indemnification. A Market Participant shall at all times indemnify, defend, and save the Participating TO harmless from any and all damages, losses, claims, (including claims and actions relating to injury or to death of any person or damage to property), demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Participating TO's performance of its obligations under this TO Tariff on behalf of a Market Participant, except in cases of negligence or intentional wrongdoing by the Participating TO.

12. Regulatory Filings. Nothing contained herein shall be construed as affecting, in any way, the right of any electric utility (as defined by the Federal Power Act) Participating TO furnishing services in accordance with this TO Tariff, or any tariff and rate schedule which results from or incorporates this TO Tariff, unilaterally to make application to FERC as it deems necessary and appropriate to recover its Transmission Revenue Requirements, or for a change in its rates, including changes in rate methodology, or for a change in designation of transmission facilities to be placed under the ISO's control, in each case under Section 205 of the FPA and pursuant to the FERC's Rules and Regulations promulgated thereunder. Nothing contained herein shall be construed as affecting in any way the ability of any Eligible Customer receiving services in accordance with this TO Tariff to exercise its rights under the Federal Power Act and pursuant to the FERC's rules and regulations promulgated thereunder.

12.1 Open Access. For purposes of the Stranded Cost Recovery available under Order Nos. 888 and 888-A, this Tariff, combined with the ISO Tariff and wholesale distribution access tariff, if any, shall be considered an open access tariff under FERC Order Nos. 888 and 888-A.

13. Creditworthiness

13.1 UDCs, MSSs, and Scheduling Coordinators Using the Participating TO's Low Voltage Transmission Facilities. For the purpose of determining the ability of a UDC, MSS, and Scheduling Coordinator to meet its obligations related to service using the Participating TO's Low Voltage Transmission Facilities hereunder, where the Participating TO is collecting the Low Voltage Access Charge directly from each UDC, MSS and Scheduling Coordinator, the Participating TO may require reasonable credit review procedures for the UDC, MSS, or Scheduling Coordinator. This review shall be made in accordance with standard commercial practices. In addition, the Participating TO may require the UDC, MSS, or Scheduling Coordinator to provide and maintain in effect during the term of the service, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under this TO Tariff, or an alternative form of security proposed by the UDC, MSS, or Scheduling Coordinator and acceptable to the Participating TO, and consistent with commercial practices established by the Uniform Commercial Code, that protect the Participating TO against the risk of non-payment.

13.2 End-Users. Creditworthiness rules applicable to End-Users shall be pursuant to the then-current rules of the applicable Local Regulatory Authority.

14. Disputes. Except as limited below or as otherwise limited by law, the ISO ADR procedures shall apply to all disputes between parties which arise under this TO Tariff or under or in respect of the proposed terms and conditions of a Facilities Study Agreement, System Impact Study Agreement or Expedited Service Agreement. The ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not apply to disputes as to whether rates and charges set forth in this TO Tariff (other than charges for studies) are just and reasonable under the FPA.

15. [Reserved]

16. Miscellaneous.

16.1 Notices. Any notice, demand, or request in accordance with this TO Tariff, unless otherwise provided in this TO Tariff, shall be in writing and shall be deemed properly served, given, or made: (i) upon delivery if delivered in person, (ii) five days after deposit in the mail if sent by first class United States mail, postage prepaid, (iii) upon receipt of confirmation by return electronic facsimile if sent by facsimile, or (iv) upon Party at the address set forth in Appendix IV. Any Party may at any time, by notice to the other Parties, change the designation or address of the person specified in Appendix IV to receive notice on its behalf. Any

notice of a routine character in connection with service under this TO Tariff or in connection with operation of facilities shall be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this TO Tariff.

16.2 Waiver. Any waiver at any time by any Party of its rights with respect to any default under this TO Tariff, or with respect to any other matter arising in connection with this TO Tariff, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this TO Tariff. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

16.3 Confidentiality.

16.3.1 Maintaining Confidentiality If Not for Public Disclosure. The Participating TO shall maintain the confidentiality of all of the documents, data, and information provided to it by any other Market Participant that such Market Participant may designate as confidential, provided, however, that the information will not be held confidential by the Participating TO if (1) the Participating TO or Market Participant is required to provide such information for public disclosure pursuant to this TO Tariff or applicable regulatory requirements, or (2) the information becomes available to the public on a non-confidential basis (other than from the Participating TO).

16.3.2 Disclosure of Confidential Information. Notwithstanding anything in this Section 16.3 to the contrary, if the Participating TO or any Market Participant is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence pursuant to this Section 16.3, the Participating TO or Market Participant may disclose such information; provided, however, that as soon as such Participating TO or Market Participant learns of the disclosure requirement and prior to making such disclosure, such Participating TO or Market Participant shall notify the affected Participating TO or Market Participants of the requirement and the terms thereof. The affected Participating TO or Market Participants may, at their sole discretion and own costs, direct any challenge to or defense against the disclosure requirement and the disclosing Participating TO or Market Participant shall cooperate with such affected Participating TO or Market Participants to the maximum extent practicable to minimize the disclosure of the information consistent with applicable law. The disclosing Participating TO or Market Participant shall cooperate with the affected Participating TO or Market Participants to obtain proprietary or confidential treatment of confidential information by the person to whom such information is disclosed prior to any such disclosure.

- 16.4 TO Tariff Supersedes Existing Tariffs.** This TO Tariff, together with the ISO Tariff and wholesale distribution access tariff if any, supersedes any pre-existing open access transmission tariff of the Participating TO.
- 16.5 Titles.** The captions and headings in this TO Tariff are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the rates, terms, and conditions of this TO Tariff.
- 16.6 Severability.** If any term, covenant, or condition of this TO Tariff or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this TO Tariff and their application shall not be affected thereby but shall remain in force and effect. The Participating TO and Market Participants shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination, unless a court or governmental agency of competent jurisdiction holds that such provisions are not severable from all other provisions of this TO Tariff.
- 16.7 Preservation of Obligations.** Upon termination of this TO Tariff, all unsatisfied obligations of any entity shall be preserved until satisfied.
- 16.8 Governing Law.** This TO Tariff shall be interpreted, governed by, and construed under the laws of the State of California, without regard to the principles of conflict of laws thereof, or the laws of the United States, as applicable, as if executed and to be performed wholly within the State of California.
- 16.9 Appendices Incorporated.** The several appendices to this TO Tariff, as may be revised from time to time, are attached to this TO Tariff and are incorporated by reference as if fully set forth herein.
- 16.10 Conflict With ISO Tariff.** If a Market Participant identifies a conflict between the TO Tariff and the ISO Tariff, the Participating TO and the Market Participant shall make good-faith efforts to resolve the conflict. If the Participating TO and Market Participant are unable to informally resolve that conflict, the Participating TO and Market Participant may use the ISO ADR Procedures to resolve it as set forth in Section 14 of this Tariff.
- 16.11 Conflicting Operating Instructions.** In the event a Market Participant receives conflicting operating instructions from the ISO and one or more Participating TO(s), if human safety would not knowingly be neither jeopardized nor electric facilities subject to damage while the Market Participant seeks to reconcile the conflict with the appropriate ISO and Participating TO employees before acting, the Market Participant should attempt a reconciliation. Otherwise, the Market Participant shall adhere to ISO Tariff Section 4.2 and follow the ISO's

instructions. In no event shall a Market Participant be required to follow operating instructions from the ISO if following those instructions would knowingly jeopardize human safety.

APPENDIX I

Transmission Revenue Requirement and TRBAA

1. The MidAmerican Central California Transco Base Transmission Revenue Requirement shall be determined pursuant to the formula rate in Appendix III of this TO Tariff.
2. The TRBAA is [_____] for the twelve month period effective January 1, 201[], as computed in accordance with Section 5.5 of this TO Tariff and the ISO Tariff.
3. The Transmission Revenue Requirement shall be equal to the sum of the Base Transmission Revenue Requirement and the TRBAA.
4. All of MidAmerican Central California Transco's facilities and Entitlements placed under the ISO's Operational Control are related to High Voltage Facilities as defined in the ISO Tariff.
5. The TRBAA will be recalculated annually consistent with the ISO Tariff, approved by the FERC, and provided to the ISO.

**APPENDIX II
NOTICES**

Designated Representative:

Brian D. Weber
Director, Transmission Joint Ventures
MidAmerican Energy Holding Company
666 Grand Ave., Suite 500
Des Moines, IA 50309-2580
bdweber@midamericantrans.com <<mailto:bdweber@midamericantrans.com>>
Number: (515) 281-2204
Fax: (515) 281-2711

Alternative Representative:

Heather L. Cushman
Controller
MidAmerican Transmission, LLC
666 Grand Ave., P.O. Box 657
Des Moines, IA 50303
hcushman@midamericantrans.com <<mailto:hcushman@midamericantrans.com>>
Number: (515) 242-4348

APPENDIX IV

MIDAMERICAN CENTRAL CALIFORNIA TRANSCO, LLC FORMULA RATE IMPLEMENTATION PROTOCOLS

The formula rate template (“Template”) and these Formula Rate Implementation Protocols (“Protocols”) together comprise the filed rate (“Formula Rate”) of MidAmerican Central California Transco, LLC (“MCCT”) for transmission revenue requirement determinations under MCCT’s California Independent System Operator Corporation (“CAISO”) Transmission Owner Tariff (“TO Tariff”). MCCT shall follow the instructions specified in the Formula Rate to calculate annually its net revenue requirement, as set forth at page 1, line 4 of the Template (“Net Revenue Requirement”). The project-specific net revenue requirements determined under the Formula Rate are “up to” rates, i.e., ceiling rates, and permit MCCT to discount the revenue requirement for a future project to the extent necessary to reflect the result of any competitive bidding on such a project. In the event MCCT offers a discount to the revenue requirement for a future project, MCCT’s revenue requirement for that project will be the lower of: (a) the discounted revenue requirement, or (b) the actual revenue requirement produced by the Template. The Net Revenue Requirement (page 1, line 4 of the Template) shall be determined for January 1 to December 31 of a given calendar year (the “Rate Year”). The Formula Rate shall become effective for recovery of MCCT’s Net Revenue Requirement upon the effective date authorized by the Federal Energy Regulatory Commission (“FERC” or “Commission”) under Section 205 of the Federal Power Act (“FPA”) for this TO Tariff.

Section 1. Annual Projection

- a. No later than September 30 preceding the first Rate Year, and each subsequent Rate Year, MCCT shall determine its projected Net Revenue Requirement for the upcoming Rate Year in accordance with MCCT's Formula Rate ("Annual Projection"). The Annual Projection shall include the True-up Adjustment described and defined in Section 2 below, if applicable. MCCT shall cause an electronic version of the Annual Projection to be posted in both a Portable Document Format and fully-functioning Excel file at a publicly accessible location on CAISO's internet website. Such posting shall include (i) all inputs in sufficient detail to identify the components of MCCT's projected Net Revenue Requirement, and (ii) explanations of the bases for the projections and input data. If the date for making such posting of the Annual Projection should fall on a weekend or a holiday recognized by FERC, then the posting shall be made no later than the next business day. MCCT shall electronically serve each Annual Projection upon the Service List.

- b. To the extent MCCT agrees to make changes in the Annual Projection for a given Rate Year, such revised Annual Projection shall be promptly posted at a publicly accessible location on CAISO's internet website and a link to the website shall be electronically served upon the Service List. Changes posted prior to November 30 of the preceding Rate Year, or the next business day if November 30 is not a business day (or such later date as can be accommodated under CAISO's billing practices), shall be reflected in the Annual Projection for the Rate Year; changes posted after that date will be reflected, as appropriate, in the True-up Adjustment

for the Rate Year.

- c. The Annual Projection, including the True-Up Adjustment, for each Rate Year shall be subject to review, challenge, true-up and refunds or surcharges with interest, to the extent and in the manner provided in these Protocols.

Section 2. True-up Adjustment

MCCT will calculate the amount of under- or over-collection of its actual Net Revenue Requirement during the preceding Rate Year (“True-up Adjustment”) after the FERC Form No. 1 data for that Rate Year has been filed with the Commission. The True-up Adjustment shall be the sum of components a and b, determined in the following manner:

- a. MCCT’s projected Net Revenue Requirement collected during the previous Rate Year will be compared to MCCT’s actual Net Revenue Requirement for the previous Rate Year calculated in accordance with MCCT’s Formula Rate and based upon (i) MCCT’s FERC Form No. 1 for that same Rate Year, (ii) any FERC orders specifically applicable to MCCT’s calculation of its annual revenue requirement, (iii) the books and records of MCCT (which shall be maintained consistent with the FERC Uniform System of Accounts (“USoA”)), (iv) FERC accounting policies and practices applicable to the calculation of annual revenue requirements under formula rates, and (v) any aspects of the CAISO Tariff or other CAISO governing documents that apply to the calculation of annual revenue requirements under individual transmission owner formula rates, to determine any over- or under-recovery (“True-up Adjustment Over/Under Recovery”). MCCT will include a variance analysis of, at minimum, actual revenue requirement

components of rate base, operating and maintenance expenses, depreciation expense, taxes, return on rate base, and revenue credits as compared to the corresponding components in the projected revenue requirement that was calculated for the prior Rate Year with an explanation of material changes.

- b. Interest on any True-up Adjustment Over/Under Recovery of the actual Net Revenue Requirement shall be calculated in accordance with the Formula Rate true-up worksheet.

Section 3. Annual Update

- a. On or before June 30 following each Rate Year, MCCT shall calculate its actual Net Revenue Requirement and the True-up Adjustment as described in Section 2 (“Annual Update”) for such Rate Year, and shall cause such Annual Update to be posted, in both a Portable Document Format and fully-functioning Excel format containing the populated template for that year’s update, at a publicly accessible location on CAISO’s internet website, and electronically serve a link to the website on the Service List. In addition, the Annual Update shall be contemporaneously submitted as an informational filing with the FERC.
- b. If the date for making the Annual Update posting should fall on a weekend or a holiday recognized by the FERC, then the posting shall be due on the next business day.
- c. The date on which the last of the events listed in Section 3.a or 3.b occurs shall be that year’s “Publication Date.”

- d. Together with the posting of the Annual Update, MCCT shall cause to be posted on the CAISO website the time, date and location for a stakeholder meeting with (i) any Eligible Customer under the CAISO Tariff; (ii) any regulatory agency with rate jurisdiction over a public utility located within the CAISO footprint; (iii) any consumer advocate authorized by state law to review and contest the rates for any such public utility, or (iv) any party with standing under FPA Section 205 or 206 (collectively, "Interested Persons") in order for MCCT to explain its Annual Update and to provide Interested Persons an opportunity to seek information and clarifications regarding the Annual Update ("Stakeholder Meeting"). The Stakeholder Meeting shall be held no less than twenty (20) business days and no more than thirty (30) business days after June 30. If requested by Interested Persons, MCCT will hold an additional Stakeholder Meeting to discuss any outstanding issues. Interested Persons requesting an additional Stakeholder Meeting shall provide MCCT with a list of all issues to be discussed at the meeting.
- e. The Annual Update for the Rate Year:
- (i) Shall provide, via the Formula Rate worksheets, sufficiently detailed supporting documentation for data (and all adjustments thereto or allocations thereof) used in the Formula Rate that are not stated in the FERC Form No. 1;
 - (ii) Shall provide notice of changes in MCCT's accounting policies and practices from those in effect for the calendar year upon which the

immediately preceding Annual Update was based that affect the Formula Rate or calculation of the Annual Update (“Accounting Change(s”).

Such notice shall include (i) those changes that, in MCCT’s reasonable judgment, could impact the Formula Rate or the calculations under the Formula Rate within the next three years; (ii) any changes in the CAISO Tariff from the provisions of the CAISO Tariff in effect during the calendar year upon which the most recent Annual Transmission Revenue Requirement (“ATRR”) was based and that, in MCCT’s reasonable judgment, could impact the Formula Rate or the calculations under the Formula Rate within the next three years; and (iii) any change, and the dollar value of the change, in the classification of any transmission facility under the CAISO Tariff (including the costs of any reclassified facility) that MCCT has made in the applicable True-Up Adjustment or Annual Update.

- (iii) Shall be subject to review and challenge in accordance with the procedures set forth in Sections 4, 5, and 6 of these Protocols; provided, however, that with respect to the prudence of any costs and expenditures included for recovery in the Annual Update, nothing in these Protocols is intended to modify the Commission’s applicable precedent with respect to the burden of going forward or burden of proof under formula rates in such prudence challenges; and
- (iv) Shall not seek to modify the Formula Rate and shall not be subject to challenge by any Interested Person seeking to modify the Formula Rate.

(i.e., any modifications to the Formula Rate will require, as applicable, an FPA Section 205 or Section 206 filing or initiation of a Section 206 investigation).

- a. The following Formula Rate inputs shall be stated values to be used in the Formula Rate until changed pursuant to an FPA Section 205 or 206 proceeding: (i) rate of return on common equity (“ROE”); (ii) “Post-Employment Benefits other than Pensions” pursuant to Statement of Financial Accounting Standards No. 106, Employers’ Accounting for Postretirement Benefits Other Than Pensions (“PBOP”) charges identified on lines 242, 250, and 259 of Attachment 2 to the Template; and (iii) the depreciation and/or amortization rates as set forth in Attachment 9 to the Template. No change may be made to the ROE, PBOP expenses, or depreciation and/or amortization rates absent a filing under Section 205 or 206 of the Federal Power Act.

b. **Example - Timeline for 2016 Annual Update:**

On or before September 30, 2014, MCCT will determine the projected Net Revenue Requirement for the 2015 Rate Year, which is expected to be the first year that costs are recovered from CAISO customers under the Formula Rate. MCCT will post the Annual Projection for the 2015 Rate Year in accordance with Section 1 above. MCCT will not determine a True-up Adjustment or post an Annual Update on June 30, 2015 if no costs have been recovered under the Formula Rate during 2014. On or before September 30, 2015, MCCT will post the Annual Projection for the 2016 Rate Year. On or before June 30, 2016,

MCCT will post its first Annual Update, consisting of the True-up Adjustment for the 2015 Rate Year determined pursuant to Section 2 above. Such True-up Adjustment will be reflected in the Annual Projection of the Net Revenue Requirement for the 2017 Rate Year posted on or before September 30, 2016. The Annual Update posted June 30, 2016 will be subject to the customer review and challenge procedures described in Sections 4, 5, and 6 of these Protocols.

Section 4. Annual Review Procedures

Each Annual Update shall be subject to the following review procedures (“Annual Review Procedures”):

- a. Interested Persons shall have up to the latest of one hundred fifty (150) calendar days after the Publication Date, thirty (30) calendar days after the receipt of all responses to timely submitted information requests (unless such period is extended with the written consent of MCCT), or thirty (30) calendar days after resolution of a dispute that does not result in the production of additional information (“Review Period”), to review the calculations and to notify MCCT in writing of any specific challenges, including but not limited to challenges related to Accounting Changes, to the Annual Update (“Preliminary Challenge”). Interested Persons may challenge, through a Preliminary Challenge, the justness and reasonableness of MCCT’s implementation of the Formula Rate with respect to: (i) whether MCCT has properly and reasonably applied the Formula Rate and the procedures in these Protocols; (ii) whether the costs included in the Annual Update have been accurately stated, properly recorded, and accounted for

pursuant to applicable FERC accounting practices and procedures and the USofA; (iii) whether the costs included in the Annual Update and associated rates have been or will be prudently incurred; (iv) whether MCCT's projections have been reasonably made; (v) whether MCCT's calculation methodologies are consistent with the Formula Rate; and (vi) whether any Accounting Changes are reasonable and consistent with the USofA.

MCCT shall promptly cause to be posted all Preliminary Challenges at a publicly accessible location on CAISO's internet website and a link to the website will be electronically served upon the Service List. MCCT shall respond in writing to a Preliminary Challenge within twenty (20) business days of receipt, and its response shall notify the challenging party of the extent to which MCCT agrees or disagrees with the challenge. If MCCT disagrees with the Preliminary Challenge, its response shall include supporting documentation. MCCT shall promptly cause to be posted responses to all Preliminary Challenges at a publicly accessible location on CAISO's internet website and a link to the website will be electronically served upon the Service List.

- b. Interested Persons shall have up to one hundred twenty (120) calendar days after each annual Publication Date (unless such period is extended with the written consent of MCCT) to serve reasonable information requests on MCCT. Information requests may address whether: (i) MCCT has properly calculated the Annual Update under review (including any corrections pursuant to Section 6); (ii) the costs included in the Annual Update are properly recordable and recorded, prudently incurred, and otherwise consistent with MCCT's accounting policies,

practices and procedures consistent with the USofA; (iii) the input data used in the Annual Update are accurate and correctly used in the Formula Rate; and (iv) the Formula Rate has been applied according to its terms, including the procedures in these Protocols. Information requests shall not solicit information concerning costs or allocations where the costs or allocation methods previously have been challenged, adjudicated, and determined to be appropriate by FERC in the context of prior MCCT Annual Updates, except that such information requests shall be permitted if they (i) seek to determine if there has been a change in circumstances, or (ii) are in connection with corrections pursuant to Section 6. Information requests received will be posted at a publicly accessible location on CAISO's internet website and a link to the website will be electronically served upon the Service List.

- c. MCCT shall use best efforts to respond to information requests pertaining to the Annual Update within ten (10) business days of receipt of such requests.

To the extent MCCT and any Interested Person(s) are unable to resolve disputes related to information requests submitted in accordance with these Annual Review Procedures, MCCT or any Interested Person may petition the FERC to appoint an Administrative Law Judge as a discovery master to resolve the discovery dispute(s) in accordance with these Protocols and consistent with the FERC's discovery rules.

- d. If a change made by MCCT to its accounting policies, practices or procedures, or the application of the Formula Rate, is found by the FERC to be unjust,

unreasonable, and/or unduly discriminatory or preferential, then the calculation of the charges to be assessed during the Rate Year then under review, and the charges to be assessed during any subsequent Rate Years, including any True-up Adjustments, shall not include such change, but shall include any remedy that may be prescribed by FERC in the exercise of its discretion as of the effective date of such remedy, to ensure that the Formula Rate continues to operate in a manner that is just, reasonable, and not unduly discriminatory or preferential.

Section 5. Resolution of Challenges

- a. If MCCT and any Interested Person have not resolved any Preliminary Challenge to the Annual Update within sixty (60) calendar days after the end of the Review Period (unless such period is extended with the written consent of MCCT to continue efforts to resolve the Preliminary Challenge), such Interested Person may, within thirty (30) calendar days thereafter, file a challenge with the FERC (“Formal Challenge”), which shall be served on MCCT by electronic service on the date of such filing. Subject to any applicable confidentiality and Critical Energy Infrastructure Information restrictions, all information and correspondence produced by MCCT pursuant to these Protocols may be included in any Formal Challenge or other FERC proceeding relating to the Formula Rate. Interested Persons may challenge, through a Formal Challenge, the justness and reasonableness of MCCT’s implementation of the Formula Rate with respect to any issues permitted to be raised in a Preliminary Challenge, as outlined in Section 4(a), above.

- b. Failure to raise an issue in a Preliminary Challenge shall not bar an Interested Person from raising that issue in a Formal Challenge, provided the Interested Person submitted a Preliminary Challenge during the Review Period with respect to one or more other issues. Likewise, failure to make a Preliminary Challenge shall not bar an Interested Person from making a subsequent Preliminary Challenge related to a subsequent Annual Update to the extent the issue affects the subsequent Annual Update.
- c. Any response by MCCT to a Formal Challenge must be submitted to the FERC within thirty (30) calendar days of the date of the filing of the Formal Challenge, and shall be served on the filing party(ies) and the Service List by electronic service on the date of such filing.
- d. In any proceeding concerning a given year's Annual Update (including corrections) or Accounting Change(s), MCCT shall bear the burden, consistent with section 205 of the FPA, of proving the justness and reasonableness of the rate resulting from its application of the Formula Rate by demonstrating: (i) that it has reasonably and accurately calculated the Annual Update by properly and reasonably applying the Formula Rate and the procedures in these protocols; (ii) that it has reasonably adopted and applied any Accounting Changes and such Accounting Changes are consistent with the USofA, unless otherwise approved by FERC; (iii) the costs to be recovered through MCCT's Formula Rate have been accurately stated, properly recorded and accounted for pursuant to applicable FERC accounting practices and procedures and the USofA, unless otherwise approved by FERC; (iv) its projections have been reasonably made; and (v) its

calculation methodologies are consistent with the Formula Rate.

- e. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of MCCT to file unilaterally, pursuant to Section 205 of the FPA and the regulations thereunder, an application seeking changes to the Formula Rate or to any of the stated value inputs requiring a Section 205 filing under these Protocols, or the right of any other party or the Commission to seek such changes pursuant to Section 206 of the FPA and the regulations thereunder. All parties reserve the right to contest such filing(s) and are not precluded from raising issues related to or that seek to change any other aspect of the Formula.

Section 6. Single Issue Filings.

MCCT may, at its discretion and at a time of its choosing, make a limited, single issue filing pursuant to Section 205 to modify only the stated values in the Formula Rate for amortization and depreciation rates. MCCT must make a limited, single issue filing pursuant to Section 205 to decrease the stated value for “Total PBOP expenses” on Attachment 2 of the Template for an affiliate if the “Cost per labor dollar” of PBOP expenses for that affiliate, as reflected in the Annual Update, is higher by 20% or more using the stated value for “Total PBOP expenses” than using the PBOP expense for that affiliate indicated in the actuarial report for the calendar year corresponding to the Annual Update. MCCT may make a limited, single issue filing pursuant to Section 205 to increase the stated value for “Total PBOP expenses” on Attachment 2 of the Template for an affiliate only if the “Cost per labor dollar” of PBOP expenses for that affiliate, as reflected in the Annual Update, is lower by 20% or more using the stated value for “Total PBOP expenses” than using the PBOP expenses for that affiliate indicated

in the actuarial report for the calendar year corresponding to the Annual Update. Single issue filings to revise PBOP expenses shall seek an effective date of January 1 in the year following the posting of the Annual Update in which the 20% or greater differential is identified. MCCT must also make a limited, single issue filing pursuant to Section 205 to adopt a stated PBOP expense for any affiliated employees whose PBOP expenses are not captured by one of the actuarial reports described on Attachment 2. MCCT may make a limited single issue filing pursuant to Section 205 to revise the name of any affiliate listed on Attachment 2, Calculation of PBOP Expenses, to the extent the legal name of such affiliate is changed.

MCCT may also make a limited, single issue filing to make ministerial changes to the Template to correct obvious errors, omissions, or changes in circumstance, such as a change in legal name of MCCT or changes to the FERC Form No. 1 that affect cell references in the Template. MCCT may not make a limited filing for any issues other than amortization and depreciation rates, PBOP rates, or to correct ministerial errors.

All parties reserve the right to contest such filing(s), but the sole issue in any such limited Section 205 proceeding shall be whether such proposed change(s) is just and reasonable, and it shall not address other aspects of the Formula Rate; provided, however, that to the extent MCCT reasonably determines that certain aspects of the Formula Rate are no longer relevant or necessary to include in the Formula Rate, MCCT may remove such vestigial components of the Formula Rate in the limited Section 205 filing contemplated in this section.

Section 7. Changes to Annual Updates

If MCCT determines or concedes that corrections to the Annual Update are required, whether under Sections 4 or 5 of these Protocols, including but not limited to those requiring

corrections to its FERC Form No. 1, or input data used for a Rate Year that would have affected the Annual Update for that Rate Year, MCCT shall promptly notify the Service List, file a correction to the Annual Update with the FERC as an amended informational filing, and cause such information to be posted at a publicly accessible location on CAISO's internet website. Such corrections shall be subject to review at the time they are made and shall be reflected in the next Annual Update, with interest. A corrected posting shall reset the deadlines under Section 4 and 5 of the Protocols for Interested Person review and the revised dates shall run from the posting date(s) for each of the corrections. The scope of review shall be limited to the aspects of the Formula Rate affected by the corrections. Interest on any over- or under-recovery due to corrections for preceding True-up Adjustments shall be calculated monthly on such over- or under-recovery from January 1 of the corrected Rate Year through December 31 of the Rate Year in which such over- or under-recovery is reflected ("Correction Period"). The applicable monthly interest rates for the Correction Period for an under-recovery or over-recovery shall be the average monthly interest rate determined in accordance 18 C.F.R § 35.19a for the period from the beginning of the Correction Period through December 31 of the Rate Year immediately preceding the Rate Year in which such under-recovery is reflected. There is no time limit with respect to MCCT's obligation or right to correct an error in the implementation of the formula rate. Nothing in this section is intended to limit FERC's discretion to direct a correction to an Annual Update, or the rights of Interested Persons to seek a correction to the Formula Rate pursuant to Section 206 of the FPA.

Section 8. Construction Work in Progress

- a. *Accounting.* For each transmission project for which MCCT has been authorized by a Commission order to include any amount of Construction Work in Progress

(“CWIP”) in transmission rate base (“CWIP Incentive Project”), MCCT shall use the following accounting procedures to ensure that it does not recover an Allowance for Funds Used During Construction (“AFUDC”) for such project.

- (i) MCCT shall assign each CWIP Incentive Project a unique Funding Project Number (“FPN”) for internal cost tracking purposes.
- (ii) MCCT shall record actual construction costs to each FPN through work orders that are coded to correspond to the FPN for each CWIP Incentive project. Such work orders shall be segregated from work orders for transmission projects for which the Commission has not authorized MCCT to include CWIP in rate base.
- (iii) For each CWIP Incentive Project, MCCT shall prepare monthly work order summaries of costs incurred under the associated FPN. These summaries shall show monthly additions to CWIP and plant in service and shall correspond to amounts recorded in MCCT’s FERC Form No. 1. MCCT shall use these summaries as data inputs into the Annual Update calculated pursuant to Section 3. MCCT shall make such work order summaries available upon request under the review procedures of Section 4.
- (iv) When a CWIP Incentive Project, or portion thereof, is placed into service, MCCT shall deduct from total CWIP the accumulated charges for work orders under the FPN for that project, or portion thereof. The purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.

- (v) For transmission projects for which the Commission has not authorized MCCT to include 100% of CWIP in rate base, MCCT shall record AFUDC to be applied to any amount of CWIP not included in rate base and capitalized when the project is placed into service.
- b. *Annual Reporting.* For each CWIP Incentive Project, MCCT shall file a report with the Commission at the time of MCCT's Annual Update that shall include the following information concerning each such project:
- (i) the actual amount of CWIP recorded for each project;
 - (ii) any amounts recorded in related FERC accounts or subaccounts, such as AFUDC and regulatory liability;
 - (iii) the resulting effect of CWIP on the revenue requirement;
 - (iv) a statement of the current status of each project; and
 - (v) the estimated in-service date for each project.