

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

Case No. IPC-E-03-08

Idaho Power Company

Exhibit No. 1

Gregory W. Said

45 Basin Creek Road
Butte, Montana 59701
(406) 533-0770
(406) 533-0208

REVISED CONFIRMATION AGREEMENT



Date: May 9, 2003
Seller: PPL Montana, LLC, by its authorized agent PPL EnergyPlus, LLC
Buyer: Idaho Power Company

This Confirmation Agreement is provided to confirm the oral agreement entered into between the Buyer and Seller on May 7, 2003; whereby Seller agreed to sell and deliver to Buyer and Buyer agreed to purchase and receive from Seller firm energy pursuant to the WSPP Agreement and Service Schedule C, including the attached WSPP Credit Annex dated 03/25/2003 and the following terms and conditions:

Delivery Terms: Hour Ending (HE) 0700 through HE 2200 Pacific Prevailing Time (PPT), Monday through Saturday, excluding Sundays and NERC Holidays.

Contract Term And Quantity:			
June 1, 2004 through July 31, 2004	83 MWh/hour		70384 MWhs Total
August 1, 2004 through August 31, 2004	26 MWh/hour		10816 MWhs Total
June 1, 2005 through August 31, 2005	83 MWh/hour		103584 MWhs Total
June 1, 2006 through August 31, 2006	83 MWh/hour		103584 MWhs Total
June 1, 2007 through August 31, 2007	83 MWh/hour		103584 MWhs Total
June 1, 2008 through August 31, 2008	83 MWh/hour		102256 MWhs Total
June 1, 2009 through August 31, 2009	83 MWh/hour		103584 MWhs Total

Price: \$44.50 per MWh

Total Price: \$26,601,744.00

Total Quantity: 597,792 MWhs

Delivery Point: Seller's choice into NorthWestern Energy's transmission system (NWMT).

Special Provisions:

The Seller and Buyer agreed to the above transaction pursuant to and in accordance with the terms and conditions of the WSPP Agreement and Service Schedule C, as amended and effective as of February 1, 2003, including the attached WSPP Credit Annex dated 03/25/2003 and those additional terms and conditions provided below:

1. Buyer will acquire and pay for NWMT to Jefferson transmission service including losses on NorthWestern Energy's transmission system.
2. The Parties acknowledge that during the Contract Term of this Confirmation Agreement, a third party could "bump" Buyer off of NorthWestern Energy's transmission system by requesting firm service of a longer duration. If such an event happens and as a consequence there is not sufficient transmission capacity for Buyer to accept delivery of energy into NWMT under this Confirmation Agreement, then upon written notice of that fact to Seller, Seller shall at its sole discretion and on an annual election basis, either:
 - A. Attempt to beat such third party offer, and, in the event Seller is successful in obtaining such transmission rights on NorthWestern Energy's transmission system from NWMT to Jefferson, Seller will deliver energy to Buyer at the Jefferson under this Confirmation Agreement, and Buyer shall be responsible for paying to Seller the actual transmission costs incurred by Seller related to such transmission service during the delivery months; OR
 - B. Deliver energy to Buyer at the Mid-C delivery point (the "Mid-C"), in which case Buyer agrees to accept delivery of energy at the Mid-C and to pay to Seller an additional \$6.00/MWh for energy delivered to the Mid-C.
3. Upon execution of this Confirmation Agreement, Buyer shall pay a deposit to Seller in the amount of \$250,000.00. Buyer shall then have 60 days to seek Idaho Public Utility Commission ("IPUC") acceptance of

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this Confirmation Agreement. If the IPUC issues a final order approving this Confirmation Agreement as submitted (or with mutually acceptable changes) within the 60-day period, Seller shall, upon receipt of a copy of such final order, refund the \$250,000 to Buyer and this Confirmation Agreement shall become effective. If IPUC does not accept this Confirmation Agreement as submitted (or with mutually acceptable changes) within the 60-day period then either Party may immediately terminate this Confirmation Agreement by providing written notice to the other party, in which case Buyer will forfeit the \$250,000 deposit; provided, however, such termination shall occur, if at all, within 5 business days after the end of such 60-day period.

Upon receipt of this Confirmation Agreement, Buyer shall notify Seller of its approval by executing and returning the Confirmation Agreement by fax to (406) 533-0208 within five (5) business days following receipt. This Confirmation Agreement shall be final and binding, whether or not signed or confirmed by Buyer, unless Buyer advises Seller in writing of any inaccuracy within five (5) business days following the receipt of this Confirmation Agreement.

Buyer
Idaho Power Company

Seller
PPL Montana, LLC
By PPL EnergyPlus, LLC, Its Authorized Agent

Signed: *J. Lambert Keen*
Name: J Lambert Keen
Title: President & COO
Date: 5/12/03

Signed: *Dawn M. Petritz*
Name: Dawn M. Petritz
Title: Senior Trading Controls Analyst
Date: 5/9/03



Date: March 1, 2003

Idaho Power Company
Attn: Jason Keil, Manager – Credit Risk
1221 W. Idaho Street
Boise, Idaho 83702

Fax No. (208) 388-2879

LETTER AGREEMENT

This Letter Agreement provides for modifications to the Western Systems Power Pool Agreement (“WSPP Agreement”), as amended periodically with FERC approval, to which PPL Montana, LLC (“PPLM”), acting by and through its authorized agent, PPL EnergyPlus, LLC, and Idaho Power Company (“IPC”) are parties. Terms used but not defined herein shall have the meanings ascribed to them in the WSPP Agreement. In the event of any conflict between the terms of this Letter Agreement and the WSPP Agreement, the terms of this Letter Agreement shall control.

NOW THEREFORE, in consideration of the promises and agreements that are set forth herein, PPLM and IPC agree as follows:

Special Modifications

The Parties hereby agree that the WSPP Agreement (as is in effect on the date of this Letter Agreement, and as amended and in effect at any time thereafter during the term of this Letter Agreement) is hereby amended and modified as follows in respect of any Transactions between the Parties under and pursuant to the WSPP Agreement:

1. The following definitions are added to Section 4 of the WSPP Agreement:

“Credit Rating” means, with respect to any entity, the rating assigned to such entity’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issues rating by S&P or Moody’s.

“Letter of Credit” means one or more irrevocable, transferable standby letters of credit from a major U.S. commercial bank or a foreign bank with a U.S. branch office, with such bank having a credit rating of at least “A-” from S&P or “A3” from Moody’s, in a form acceptable to the party in whose favor the letter of credit is issued. Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.

“Material Adverse Change” means (i) with respect to PPLM, (a) at any time of determination, that all amounts which would be included under members equity on an audited consolidated balance sheet at any time in accordance with GAAP, shall not be less than \$250,000,000.00 or (ii) with respect to IPC, its long-term, senior, unsecured debt obligations (not supported by third party credit enhancement) are (a) rated by S&P below “BBB-”, (b) rated by Moody’s below “Baa3”, or (c) not rated by either Moody’s or S&P.

“Moody’s” means Moody’s Investor Services, Inc. or its successor.

“Performance Assurance” means collateral in the form of cash, Letters of Credit, or other security acceptable in form and in substance to the Party requesting the Performance Assurance.

“S&P” means the Standard & Poor’s Rating Group (a division of McGraw-Hill, Inc.) or its successor.



2. Subsection 21.3(a)(3) of the WSPP Agreement is deleted in its entirety and replaced with the following:

“Notwithstanding any provision in the Agreement to the contrary, the Non-Performing Party shall pay any amount due from it under this Section 21.3 within five (5) Business Days of the date the Non-Performing Party receives an invoice for such amounts.”

3. Subsection 22.1(d) of the WSPP Agreement is deleted and replaced by the following:

“(d) the occurrence of a Material Adverse Change at any time with respect to the Defaulting Party; provided that such Material Adverse Change shall not be considered an Event of Default if within three (3) Business Days after the occurrence of such Material Adverse Change, the Defaulting Party establishes and maintains for so long as the Material Adverse Change is continuing, Performance Assurance to the Non-Defaulting Party, in an amount equal to the sum of (in each case rounding upwards for any fractional amount to the next \$250,000): (a) the Non-Defaulting Party’s Termination Payment plus (b) if the Non-Defaulting Party is the Seller under any outstanding transactions, the aggregate of the amounts Seller is entitled to receive under such transactions; or

(e) the Defaulting Party fails to establish, maintain, extend or increase Performance Assurance when required pursuant to this Agreement; or

(f) with respect to IPC or IPC's Guarantor, the occurrence and continuation of a default or other similar condition or event under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money which in aggregate is in excess of \$50,000,000.00, which results in such indebtedness becoming immediately due and payable; or

(g) with respect to PPLM, the occurrence and continuation of a default or other similar condition or event under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money which in aggregate is in excess of \$20,000,000.00, which results in such indebtedness becoming immediately due and payable.”

5. Section 22.2 of the WSPP Agreement is amended by deleting the first two sentences and replacing them with the following sentence:

“If an Event of Default occurs and is continuing, the Non-Defaulting Party shall possess the right, upon written notice (by facsimile or other reasonable means) to the Defaulting Party, such notice of termination to be effective immediately upon receipt, to terminate and liquidate all transactions between the Parties under this Agreement, withhold payments due to the Defaulting Party under this Agreement, and suspend performance.”

6. Section 22.3(d) of the WSPP Agreement is amended by replacing the reference to “Section 33.2(c)” in the second to last paragraph to “Section 22.3(c)”.

7. Section 24 of the WSPP Agreement is deleted and replaced with the following:

“This Agreement and any Confirmation Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles.”

8. Section 27 of the WSPP Agreement is deleted and replaced with the following:

“27.1. Financial Statements. If requested by IPC, PPLM shall deliver (i) within 120 days following the end of each fiscal year, a copy of PPLM’s annual report containing audited consolidated financial statements for such fiscal year and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of its quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due



to a delay in preparation or certification, such delay shall not be an Event of Default so long as PPLM diligently pursues the preparation, certification and delivery of the statements.

27.2. Financial Statements. If requested by PPLM, IPC shall deliver (i) within 120 days following the end of each fiscal year, a copy of IPC's or IPC's Guarantor annual report containing audited consolidated financial statements for such fiscal year and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of IPC's or IPC's Guarantor quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as IPC diligently pursues the preparation, certification and delivery of the statements.

27.3. Collateral. If at any time and from time to time during the term of this Agreement (and notwithstanding whether an Event of Default has occurred):

- (a) with respect to PPLM, if the Termination Payment that would be owed to IPC in respect of all transactions then outstanding exceeds \$5,000,000.00 (the "PPL Collateral Threshold");
- (b) with respect to IPC, if the Termination Payment that would be owed to PPLM in respect of all transactions then outstanding exceeds \$10,000,000.00 (the "IPC Collateral Threshold");

then, IPC or PPLM, as the case may be (the "Beneficiary Party") as the Beneficiary Party on any Business Day, may request the other Party (the "Posting Party") to provide Performance Assurance (in such form as selected by the Posting Party), in an amount equal to the amount by which the Termination Payment exceeds the relevant Collateral Threshold (rounding upwards for any fractional amount to the next \$250,000), or such other collateral as may be reasonably acceptable to the Beneficiary Party. The Performance Assurance shall be delivered within two (2) Business Days of the date of such request. On any Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to cash) the Posting Party, at its sole cost, may request that such Performance Assurances be reduced correspondingly to the amount of such excess Termination Payment. For purposes of this Section 27.3, the calculation of "Termination Payment" shall include all amounts owed but not yet paid by one Party to the other Party whether or not such amounts are then due, for performance already provided pursuant to any and all Transactions.

IPC Collateral Threshold shall be: \$10,000,000.00; provided, however, that IPC's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to IPC has occurred and is continuing.

PPLM Collateral Threshold shall be: \$5,000,000.00; provided, however, that PPLM's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to PPLM has occurred and is continuing.



27.4 Grant of Security Interest/Remedies. To secure its obligations under this Agreement and to the extent either or both Parties deliver Performance Assurance hereunder, each Party (a "Pledgor") hereby grants to the other Party (the "Secured Party") a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, such Secured Party, and each PPLM agrees to take such action as the other Party reasonably requires in order to perfect the Secured Party's first-priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence or deemed occurrence and during the continuation of an Event of Default, the Non-Defaulting Party may do any one or more of the following: (i) exercise any of the rights and remedies of a Secured Party with respect to all Performance Assurance, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of the Defaulting Party in the possession of the Non-Defaulting Party or its agent; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all Performance Assurance then held by or for the benefit of the Secured Party free from any claim or right of any nature whatsoever of the Defaulting Party, including any equity or right of purchase or redemption by the Defaulting Party. The Secured Party shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Pledgor's obligations under this Agreement (the Pledgor remaining liable for any amounts owing to the Secured PPLM after such application), subject to the Secured Party's obligation to return any surplus proceeds remaining after such obligations are satisfied in full."

WHEREAS, the Parties have executed this Letter Agreement, as an amendment to the Western Systems Power Pool Agreement, effective as of the date first set forth above.

Idaho Power Company

PPL Montana, LLC, by and through its authorized agent, PPL EnergyPlus, LLC

By: *DAK*

Darrel Anderson

By: *James E. Abel*

Name: *Darrel Anderson*

Name: *James E. Abel*

Title: *Vice President, CFO and Treasurer*

Title: *Treasurer*

Western Systems Power Pool Agreement

Issued by: Michael E. Small, General Counsel to
Western Systems Power Pool
Issued on: December 3, 2002

Effective: February 1, 2003

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Issued by: Michael E. Small, General Counsel to
Western Systems Power Pool

Effective: July 1, 2000

Issued on: September 29, 2000

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos.
ER00-3338, et al., issued September 15, 2000.

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Issued by: Michael E. Small, General Counsel to
Western Systems Power Pool
Issued on: December 21, 2001

Effective: March 1, 2002

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Issued by: Michael E. Small, General Counsel to
Western Systems Power Pool
Issued on: December 21, 2001

Effective: March 1, 2002

1. PARTIES:

The Parties to this Western Systems Power Pool Agreement (hereinafter referred to as "Agreement") are those entities that have executed this Agreement, hereinafter sometimes referred to individually as "Party" and collectively as "Parties," but excluding any such entity that withdraws its participation in the Agreement.

2. RECITALS:

- 2.1 The WSPP experiment has been successfully concluded. Its main purpose was to determine the feasibility of a marketing arrangement which would increase the efficiency of interconnected power system operations above that already being accomplished with existing agreements through increased market knowledge and market pricing of commodities.
- 2.2 The Parties now desire to proceed with a similar marketing arrangement on a long term basis for prescheduled and real-time coordinated power transactions, such as economy energy transactions, unit commitment service, firm system capacity/energy sales or exchanges. Accordingly, this Agreement, together with any applicable Confirmation Agreement, sets forth the terms and conditions to implement these services within any applicable rate ceilings set forth in the Service Schedules in conformance with FERC orders where applicable.

Issued by: Michael E. Small, General Counsel to
Western Systems Power Pool

Effective: July 1, 2000

Issued on: September 29, 2000

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos.
ER00-3338, et al., issued September 15, 2000.

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- 2.3 Each Party meets the membership requirements set out in Section 16.
- 2.4 The Parties are willing to utilize their respective electric generation and transmission systems or contractual rights thereto to the extent of their respective obligations which are set forth in this Agreement.

3. AGREEMENT:

In consideration of the mutual covenants and promises herein set forth, the Parties agree as follows:

4. DEFINITIONS:

The following terms, when used herein with initial capitalization, whether in the singular or in the plural, shall have the meanings specified:

- 4.1 Agreement: This Western Systems Power Pool Agreement, including the Service Schedules and Exhibits attached hereto, as amended; provided, however, that Confirmation Agreements are not included within this definition.
- 4.1a Broker: An entity or person that arranges trades or brings together Purchasers and Sellers without taking title to the power.
- 4.1b Business Day(s): Any day other than a Saturday or Sunday or a national (United States or Canadian, whichever is applicable) holiday. United States holidays shall be holidays observed by Federal Reserve member banks in New York City. Where both the Seller and the Purchaser have their principal place of business in the United States, Canadian holidays shall not apply. Similarly, where both the

Issued by: Michael E. Small, General Counsel to
Western Systems Power Pool
Issued on: December 21, 2001

Effective: March 1, 2002

Seller and the Purchaser have their principal place of business in Canada, United States holidays shall not apply. In situations where one Party has its principal place of business within the United States and the other Party's principal place of business is within Canada, both United States and Canadian holidays shall be observed.

- 4.1c California ISO: The California Independent System Operator Corporation or any successor organization.
- 4.1d Confirmation Agreement(s): Any oral agreement or written documentation for transactions under the Service Schedules which sets forth terms and conditions for transactions that are in addition to, substitute, or modify those set forth in the Agreement. A sample written confirmation document is included as Exhibit C. Section 32 of this Agreement provides for such Confirmation Agreements. The Parties may agree to modify terms of this Agreement for more than one transaction pursuant to a separate written agreement. The changes to the Agreement agreed to through such written agreements shall be considered part of the Confirmation Agreement and shall apply to all transactions entered into between the two Parties under the Agreement unless the Parties specifically agree to override such changes for a particular transaction consistent with § 32 of this Agreement.
- 4.1e Contract Price: The price agreed to between the Seller and the Purchaser for a transaction under the Agreement and any Confirmation Agreement.

- 4.1f Contract Quantity: The amount of electric energy and/or capacity to be supplied for a transaction under a Service Schedule as agreed to through any Confirmation Agreement.
- 4.2 Control Area: Shall mean an electric system capable of regulating its generation in order to maintain its interchange schedule with other electric systems and to contribute its frequency bias obligation to the interconnection as specified in the North American Electric Reliability Council (NERC) Operating Guidelines.
- 4.2a Costs: As defined in Section 22.3 of this Agreement.
- 4.2b Dealer: An entity or person that buys or sells power and takes title to the power at some point.
- 4.2c Defaulting Party: As defined in Section 22.1 of this Agreement.
- 4.2d Determination Period: As defined in Section 38.2 of this Agreement.
- 4.3 Economy Energy Service: Non-firm energy transaction whereby the Seller has agreed to sell or exchange and the Purchaser has agreed to buy or exchange energy that is subject to immediate interruption upon notification, in accordance with the Agreement, including Service Schedule A, and any applicable Confirmation Agreement.

- 4.4 Electric Utility: An entity or lawful association which (i) is a public utility, Independent Power Producer, or Power Marketer regulated under applicable state law or the Federal Power Act, or (ii) is exempted from such regulation under the Federal Power Act because it is the United States, a State or any political subdivision thereof or an agency of any of the foregoing, or a Rural Utilities Service cooperative, or (iii) is a public utility, Independent Power Producer, or Power Marketer located in Canada or Mexico that is similarly regulated.
- 4.4a ERCOT: Electric Reliability Council of Texas, Inc., the corporation that administers Texas's power grid and is a regional reliability council.
- 4.4b Event of Default: As defined in Section 22.1 of this Agreement.
- 4.5 Executive Committee: That committee established pursuant to Section 8 of this Agreement.
- 4.6 FERC: The Federal Energy Regulatory Commission or its regulatory successor.
- 4.7 Firm Capacity/Energy Sale or Exchange Service: Firm capacity and/or energy transaction whereby the Seller has agreed to sell or exchange and the Purchaser has agreed to buy or exchange for a specified period available capacity with or without associated energy which may include a Physically-Settled Option and a capacity transaction in accordance with the Agreement, including Service Schedule C, and any applicable Confirmation Agreement.

- 4.7a First Party: As defined in Section 27 of this Agreement.
- 4.7b Floating Price: As defined in Section 38.1 of this Agreement.
- 4.7c Gains: As defined in Section 22.3 of this Agreement.
- 4.7d Guarantee Agreement: An agreement providing a guarantee issued by a parent company or another entity guaranteeing responsibility for specific obligations for transactions under this Agreement and Confirmation Agreements. A sample form of guarantee is provided in Exhibit B.
- 4.7e Guarantor: The entity providing a guarantee pursuant to a Guarantee Agreement.

- 4.8 Hub: An electronic communication center that functions as a central point to electronically receive and assemble data for offers to buy or sell power or transmission service from each Party and make that data electronically available concurrently to all Parties.
- 4.9 Incremental Cost: The forecasted expense incurred by the Seller in providing an additional increment of energy or capacity during a given hour.
- 4.10 Independent Power Producer: An entity which is a non-traditional public utility that produces and sells electricity but which does not have a retail service franchise.
- 4.11 Interconnected Transmission System: The total of all transmission facilities owned or operated by the Parties, including transmission facilities over which Parties have scheduling rights.
- 4.11a Letter of Credit: An irrevocable, transferable, standby letter of credit, issued by an issuer acceptable to the Party requiring the Letter of Credit.
- 4.11b Losses: As defined in Section 22.3 of this Agreement.
- 4.11c Market Disruption Event: As defined in Section 38.2 of this Agreement.
- 4.11d NERC: North American Electric Reliability Council or any successor organization.
- 4.11e Non-Defaulting Party: As defined in Section 22.1(a) of this Agreement.
- 4.11f Non-Performing Party: As defined in Section 21.3(a) of this Agreement.

- 4.11g Non-Standard Confirmation Provisions: As defined in Section 32.5 of this Agreement.
- 4.11h NYMEX: New York Mercantile Exchange, the physical commodity futures exchange and a trading forum for energy and precious metals.
- 4.12 Operating Agent: Arizona Public Service Company, or its successor as may be designated by the Executive Committee.
- 4.13 Operating Committee: That committee established pursuant to Section 8 of this Agreement.
- 4.13a Party or Parties: As defined in Section 1 of this Agreement.
- 4.13b Performing Party: As defined in Section 21.3(a) of this Agreement.

- 4.14 Power Marketer: An entity which buys, sells, and takes title to electric energy, transmission and/or other services from traditional utilities and other suppliers.
- 4.14a Physically-Settled Option: Includes (i) a call option which is the right, but not the obligation, to buy an underlying power product as defined under Service Schedules B or C according to the price and exercise terms set forth in the Confirmation Agreement; and (ii) a put option which is the right, but not the obligation, to sell an underlying power product as defined under Service Schedules B or C according to the price and exercise terms set forth in the Confirmation Agreement.
- 4.14b Premium: The amount paid by the Purchaser of a Physically-Settled Option to the Seller of such Option by the date agreed to by the Parties in the Confirmation Agreement.
- 4.14c Present Value Rate: As defined in Section 22.3(b) of this Agreement.
- 4.15 Purchaser: Any Party which agrees to buy or receive from one or more of the other Parties any service pursuant to the Agreement under any Service Schedule and any applicable Confirmation Agreement.
- 4.16 Qualifying Facility: A facility which is a qualifying small power production facility or a qualifying cogeneration facility as these terms are defined in Federal Power Act Sections 3(17)(A), 3(17)(C), 3(18)(A), and 3(18)(B); which meets the requirements set forth in 18 C.F.R. §§ 292.203-292.209; or a facility in Canada or Mexico that complies with similar requirements.

- 4.16a Replacement Price: The price at which the Purchaser, acting in a commercially reasonable manner, effects a purchase of substitute electric energy in place of the electric energy not delivered by the Seller or, absent such a purchase, the market price for such quantity of electric energy, as determined by the Purchaser in a commercially reasonable manner, at the delivery point (agreed upon by the Seller and the Purchaser for the transaction).
- 4.16b Retail Entity: A retail aggregator or supplier or retail customer; provided, however, only those Retail Entities eligible for transmission service under the FERC's pro forma open access transmission tariff are eligible to become members of the WSPP.
- 4.16c Sales Price: The price at which the Seller, acting in a commercially reasonable manner, effects a resale of the electric energy not received by the Purchaser or, absent such a resale, the market price for such quantity of electric energy at the delivery point (agreed upon by the Seller and the Purchaser), as determined by the Seller in a commercially reasonable manner.
- 4.16d Second Party: As defined in Section 27 of this Agreement.
- 4.17 Seller: Any Party which agrees to sell or provide to one or more of the other Parties any service pursuant to the Agreement under any Service Schedule and any applicable Confirmation Agreement.
- 4.18 Service Schedule: A schedule of services established pursuant to Section 6 of this Agreement.

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- 4.18a Successor in Operation: The successor entity which takes over the wholesale electric trading operations of the first entity either through a merger or restructuring. A Successor in Operation shall not include an entity which merely acquires power sales contracts from the first entity either through a purchase or other means without taking over the wholesale electric trading operations of the first entity.
- 4.18b Terminated Transaction: As defined in Section 22.2 of this Agreement.
- 4.18c Termination Payment: As defined in Section 22.2 of this Agreement.
- 4.18d Trading Day: As defined in Section 38.2 of this Agreement.
- 4.19 Uncontrollable Forces: As defined in Section 10 of this Agreement or in a Confirmation Agreement.
- 4.20 Unit Commitment Service: A capacity and associated scheduled energy transaction or a Physically-Settled Option which the Seller has agreed to sell and the Purchaser has agreed to buy from a specified unit(s) for a specified period, in

accordance with the Agreement, including Service Schedule B, and any applicable Confirmation Agreement.

4.20a WSPP: The Western Systems Power Pool.

4.20b WSPP Default Transmission Tariff: The transmission tariff filed on behalf of WSPP Members with FERC as it may be amended from time to time.

4.20c WSPP Homepage: WSPP's internet web site, www.wspp.org.

5. TERM AND TERMINATION:

5.1 This Agreement shall become effective as of July 27, 1991 when acceptance or approvals required under Section 13.2 of this Agreement with respect to those Parties that are subject to FERC jurisdiction have been obtained; provided, however, that this Agreement shall not become effective as to any Party in the event the pre-grant of termination requested under Section 13.3 is not allowed by FERC, absent that Party's consent; and provided, further, that this Agreement shall not become effective as to any Party if any terms, conditions or requirements imposed by FERC are found unacceptable by that Party. This Agreement shall continue in effect for a period of ten (10) years from said effective date and thereafter on a year to year basis until terminated by the Parties; provided, however, that any Party may withdraw its participation at any time after the effective date of this Agreement on thirty (30) days prior written notice to all other Parties.

5.2 As of the effective date of any withdrawal, the withdrawing Party shall have no further rights or obligations under this Agreement except the right to collect

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money or receive service owed to it for transactions under any Service Schedule and the obligation to pay such amounts due to another Party and to complete any transactions agreed to under any Service Schedule as of said date. No Party shall oppose, before any court or regulatory agencies having jurisdiction, any other Party's withdrawal as provided in this Section.

- 5.3 Except as provided for in Section 5.2, after termination, or withdrawal with respect to the withdrawing Party, all rights to services provided under this Agreement or any tariff or rate schedule which results from or incorporates this Agreement shall cease, and no Party shall claim or assert any continuing right to such services under this Agreement. Except as provided for in Section 5.2, no Party shall be required to provide services based in whole or in part on the existence of this Agreement or on the provision of services under this Agreement beyond the termination date, or date of withdrawal with respect to the withdrawing Party.

6. SERVICE SCHEDULES AND WSPP DEFAULT TRANSMISSION TARIFF:

- 6.1 The Parties contemplate that they may, from time to time, add or remove Service Schedules under this Agreement. The attached Service Schedules A through C for Economy Energy Service, Unit Commitment Service, and Firm Capacity/Energy Sale or Exchange Service are hereby approved and made a part of this Agreement. Nothing contained herein shall be construed as affecting in any way the right of the Parties to jointly make application to FERC for a change

in the rates and charges, classification, service, terms, or conditions affecting WSPP transactions under Section 205 of the Federal Power Act and pursuant to FERC rules and regulations promulgated thereunder. Subject to the provisions of Section 13, future Service Schedules, if any, shall be adopted only by amendment of this Agreement and shall be attached hereto and become a part of this Agreement.

6.2 **[RESERVED]**

6.3 When the WSPP Default Transmission Tariff applies as specified in the preamble to such Default Transmission Tariff, Transmission Service under it shall be available both to Parties and nonParties under this Agreement; provided, however, each Party or nonParty must be an eligible customer under the WSPP Default Transmission Tariff in order to receive service.

7. HUB AND OPERATING AGENT:

7.1 The Operating Agent shall act for itself and as agent for the Parties to carry out its designated responsibilities under this Agreement.

7.2 The Operating Agent shall, as directed by the Operating Committee pursuant to Section 8.2.4, and on behalf of the Parties, either (i) purchase or lease, and install or have installed, operate and maintain the necessary equipment to operate the Hub or (ii) contract for Hub services.

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Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. ER00-3338, et al., issued September 15, 2000.

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