

I. General Terms

A. Responsibility for Electric Purchases

ESSs are responsible for purchasing sufficient amounts of Electricity to meet the electric power needs of their Direct Access Consumers and the delivery of such purchases to designated receipt points as arranged with the Company through a Scheduling ESS.

B. Load Aggregation for Procuring Electric Power

Consumers or ESSs may aggregate individually metered electric loads for the purpose of procuring Electricity from ESSs, and only for that purpose. Aggregation will not be used to compute the Company's charges or to determine Tariff applicability.

C. Split Loads Not Allowed

Consumers requesting Direct Access Services may not partition the electric loads at a point of delivery among Service Elections or Service Options. The entire load at a point of delivery must be nominated to only one set of Service Elections or Service Options.

D. Master Metered Consumers

Individual master-metered Direct Access Consumers who provide sub-metered tenant billings must participate in Direct Access as a single account. A master-metered Direct Access Consumer may not partition the electric loads of a single master meter among several Service Elections or Service Options.

E. Limitation of Liability

1. The Company's obligations with respect to the continuity and quality of Delivery Service, Billing Services and other Electricity Services are covered by, subject to, and limited by Rules 10 and 14 of this Tariff.
2. To the extent that a Consumer takes service from an ESS or Scheduling ESS, the Company has no obligations to the Consumer with respect to the services provided by the ESS or Scheduling ESS.
3. The Company is neither bound by, nor will it enforce, contracts between an ESS and a Consumer or contracts between an ESS and a Scheduling ESS. Additionally, the Company will not mediate disputes between an ESS and a Consumer or between an ESS and a Scheduling ESS.
4. In no event shall the Company be liable for damages, claims or costs of any kind arising out of or related to an ESS' failure to adhere to the requirements, practices, and procedures set forth in this Tariff or the ESS Service Agreement.

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I. General Terms *(continued)*

E. Limitation of Liability *(continued)*

5. In no event shall the Company be liable for damages, claims or costs of any kind arising out of or related to a Scheduling ESS' failure to adhere to the requirements, practices, and procedures set forth in this Tariff or the Scheduling ESS Operating Agreement.
6. The Company shall not be liable to an ESS, a Scheduling ESS or any third party under any theory of recovery of liability whether based in contract, in tort (including negligence and strict liability), under warranty, indemnity, or otherwise, for any indirect, special, incidental or consequential damages whatsoever, including, without limitation, any loss of profits or other business interruption damages arising under this Tariff, the ESS Service Agreement or the Scheduling ESS Operating Agreement.
7. The Company is not responsible for liabilities or claims against Consumers, ESSs, or Scheduling ESSs.

II. Consumer Inquiries

A. Consumer Inquiries Related to Service Elections

For Consumers requesting information on Direct Access Service, the Company will make available consumer information explaining the Consumer's choices for electricity services and the procedures and forms needed to implement these services.

B. Inquiries Related to Suppliers

For Consumers requesting such information, the Company will provide a list of ESSs eligible to provide electricity services in the Company's service territory. The list will be presented in a neutral format that does not unfairly emphasize an affiliated ESS. To satisfy its obligations under this rule, the Company may direct Consumers to an ESS list maintained and published by the Commission.

C. Information Provided to New Consumers

New Consumers contacting the Company will receive general information concerning their choices for Electricity Services.

D. Consumer Inquiries Concerning Billing

The Company will respond to inquiries from Direct Access Consumers concerning charges for services provided by the Company. Consumer inquiries regarding charges for services provided by the ESS will be directed to the ESS. The Company will work with the Consumer and ESS to resolve inquiries that involve services provided by both the Company and the ESS.

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II. Consumer Inquiries *(continued)*

E. Consumer Inquiries Related To Emergency Situations and Outages

The Company will respond to all inquiries related to distribution and transmission service, emergency system conditions, outages and safety situations. Direct Access Consumers contacting the ESS with such inquiries should be referred to the Company. ESSs performing ESS consolidated billing must show the Company's phone number on their bills for use in emergencies.

III. Information Provided to ESSs

A. Pre-Enrollment Usage Information

At the written request of the Consumer, account-specific usage information, including twelve (12) months of usage history when available, will be provided to the Consumer or an ESS. The Company will charge a fee for providing pre-enrollment usage information as specified in Schedule 300.

B. Pre-Enrollment Payment History

At the written request of the Consumer, the Company will provide a letter describing the Consumer's payment history to the Consumer or to an ESS. The payment history will reflect the most recent twelve (12) months, to the extent that the information is available. The Company will charge a fee for providing a pre-enrollment payment history as specified in Schedule 300.

C. Implied Consent To Release Usage Information

By agreeing to take Direct Access Service from an ESS, the Consumer consents to the release by the Company to the Consumer's ESS or Scheduling ESS of historical usage data and metering information necessary for the ESS or Scheduling ESS to satisfy their responsibilities in scheduling, billing, settlement, and other functions.

IV. ESS Service Requirements

A. ESS Service Agreement

1. An ESS must have in force a valid ESS Service Agreement with the Company in order to provide Competitive Electricity Services to Direct Access Consumers within the Company's service territory.
2. The Company's ESS Service Agreement shall be in a form specified by the Company as approved by the Commission and accompanied by payment of the applicable processing fee stated in Schedule 600.

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IV. ESS Service Requirements *(continued)*

A. ESS Service Agreement *(continued)*

3. An ESS must renew its ESS Service Agreement with the Company annually.
4. The Company will execute an ESS Service Agreement with any ESS meeting the requirements stated in this Tariff according to the terms of the ESS Service Agreement then in effect.

B. Requirements

To provide Competitive Electricity Services to Direct Access Consumers within the Company's service territory, the ESS must be certified by the Commission and:

1. Abide by North American Electric Reliability Council (NERC) and Western Systems Coordinating Council (WSCC) standards and requirements.
2. Have in force a valid ESS Service Agreement with the Company.
3. Satisfy the Company's creditworthiness requirements as specified in Section XIII of this Rule.
4. Be certified as a Scheduling ESS and have in place a valid Scheduling ESS Operating Agreement with the Company or designate as its scheduling entity a certified Scheduling ESS with a valid Scheduling ESS Operating Agreement with the Company.
5. Before an ESS may offer consolidated ESS billing services, the ESS must demonstrate the ability to perform the functions required by this Tariff and the Commission's rules. The Company will continue to provide the billing services until the ESS has satisfied this obligation. The ESS' failure to complete such compliance testing will not affect its ability to provide Competitive Electricity Services to Direct Access Consumers.
6. Satisfy applicable Company Electronic Data Exchange requirements, including:
 - a. The ESS must complete all necessary electronic interfaces for the ESS and the Company to communicate for Direct Access Service Requests (DASR), billing and other communications.
 - b. The ESS must have the capability to exchange data with the Company via the Internet. Alternative arrangements may be allowed upon mutual agreement between the Company and ESS.
 - c. The ESS must have the capability to perform Electronic Data Interchange (EDI), and enter into appropriate agreements related thereto, if the ESS will be offering ESS consolidated billing services.

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IV. ESS Service Requirements *(continued)*
C. Suspension or Termination of ESS Service
1. Criteria

The Company may suspend or terminate an ESS' contractual authorization to provide Competitive Electricity Services to Direct Access Consumers in the Company's service area and transfer these Consumers to Emergency Default Service upon satisfaction of the Company's deposit requirement if:

- a. The ESS has materially failed to meet its obligations under the terms of the Company's ESS Service Agreement (including applicable tariffs) so as to constitute an Event of Default and the Company exercises a contractual right to terminate the agreement.
- b. The ESS engages in unauthorized use of electricity or a Consumer engages in unauthorized use of electricity and the ESS knew or should have known about it.
- c. The ESS' Scheduling ESS is suspended or terminated as set forth in Section V. (C) of this Rule.
- d. The Commission otherwise directs.

2. Appeal

If the Company suspends or terminates an ESS' authorization to provide Competitive Electricity Services because the ESS materially failed to meet its obligations under the terms of the Company's ESS Service Agreement, the ESS' rights of appeal will be as specified in the Agreement. If the Company suspends or terminates the ESS' authorization for any other reason, the ESS may appeal the decision to the Commission.

If the Company provides a written notice to an ESS regarding suspension or termination of service, the Company will promptly provide copies of the notice to affected consumers.

V. Scheduling ESS Service Requirements

A. Scheduling ESS Operating Agreement

1. The Scheduling ESS must have in force a valid Scheduling ESS Operating Agreement with the Company in order to perform scheduling services for Consumers in the Company's service territory.
2. The Company's Scheduling ESS Operating Agreement shall be in a form specified by the Company as approved by the Commission and accompanied by payment of the applicable processing fee stated in Schedule 600.

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V. Scheduling ESS Service Requirements *(continued)*

A. Scheduling ESS Operating Agreement *(continued)*

3. The Scheduling ESS must renew on an annual basis its Scheduling ESS Operating Agreement with the Company.
4. The Company will execute a Scheduling ESS Operating Agreement with any ESS meeting the requirements stated in this Tariff according to the terms of the Scheduling ESS Operating Agreement then in effect.

B. Requirements

To perform scheduling services for Consumers within the Company's service territory, a Scheduling ESS must be certified as a Scheduling ESS by the Commission or be a control area operator and:

1. Have in force a valid Scheduling ESS Operating Agreement with the Company.
2. Comply with all Western Systems Coordinating Council (WSCC) scheduling and reliability criteria.
3. Meet all generally accepted regional scheduling practices unless otherwise modified by the Commission.
4. Maintain around-the-clock, seven-day-a-week dispatch facilities.
5. Identify each of the Consumers which they are authorized to represent as a Scheduling ESS and confirm that the necessary metering requirements are met for the transmitting of information to the Company.

C. Suspension or Termination of Scheduling ESS Service

1. Criteria

The Company may suspend or terminate a Scheduling ESS' contractual authorization to provide scheduling services for Direct Access Consumers in the Company's service area if:

- a. The Scheduling ESS has materially failed to meet its obligations under the terms of the Scheduling ESS Operating Agreement (including applicable tariffs) so as to constitute an event of default and the Company exercises a contractual right to terminate the agreement.
- b. The Scheduling ESS ceases to perform by failing to provide schedules when schedules are required.
- c. The Commission otherwise directs.

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V. Scheduling ESS Service Requirements *(continued)*

C. Suspension or Termination of Scheduling ESS Service *(continued)*

2. Appeal

If the Company suspends or terminates a Scheduling ESS' authorization to provide services because the Scheduling ESS materially failed to meet its obligations under the terms of the Scheduling ESS Operating Agreement, the Scheduling ESS' rights of appeal will be as specified in the Agreement. If the Company suspends or terminates the Scheduling ESS' authorization for any other reason, the Scheduling ESS has the right to appeal the decision to the Commission.

VI. Direct Access Service Election and Supplier Choice

A. Direct Access Service Request (DASR)

Changes in a Nonresidential Consumer's Service Election or ESS require a DASR. A Nonresidential Consumer may only switch to Direct Access Service or change ESS if the new ESS submits a DASR as described in this Section. A DASR is submitted pursuant to the terms and conditions of the Company's ESS Service Agreement and this Rule. A DASR will be used to define the Competitive Electricity Services that the ESS is providing the Consumer.

B. Form of DASR

A DASR must be submitted in a format provided by the Company. A separate DASR must be submitted for each point of delivery. A DASR must be separate and distinct from any other form or offer.

C. Rejection of DASR

The Company may reject a DASR if:

1. The DASR is in an improper form or is incomplete.
2. The requested effective date is less than 13 business days after the date the DASR is submitted.
3. The information provided by the ESS on the DASR is false or inaccurate in any material respect.
4. The DASR is submitted by a person other than the authorized ESS.
5. The designated ESS and/or its Scheduling ESS are not authorized to provide the requested services within the Company's service territory as described in this Tariff and in the Commission Rules.

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VI. Direct Access Service Election and Supplier Choice *(continued)*

C. Rejection of DASR *(continued)*

6. The Consumer is not entitled to Direct Access Service because it is a Residential Consumer or because it is a Nonresidential Consumer electing to switch to Direct Access Service at a time which is prohibited by this Tariff or Commission rule or Order.

D. DASR Processing

1. The Company will provide a DASR status notification informing an ESS as to whether the DASR has been accepted or rejected within three business days of the day on which the DASR is received. If accepted, the switch date determined in accordance with this Section, will be sent to the ESS, the former ESS if applicable, and the Consumer. If a DASR is rejected, the Company will provide the reason(s) for the rejection.
2. Upon request, the Company will provide timely updates on the status of the DASR processing to the submitting ESS and Consumer.
3. If the Company receives a DASR while it is processing a DASR applicable to a Consumer, the second DASR will supercede the first. The processing period for the DASR will be restarted with receipt of the second DASR.

E. Implementation of the DASR

If a submitted DASR complies with the requirements of this Rule, the DASR will be accepted and scheduled for implementation. Implementation will begin at midnight on the day of implementation. Pending final acceptance and implementation of a DASR, the Consumer's incumbent ESS is responsible for providing Consumer the same Competitive Electricity Services it has historically provided.

1. Transmission Service

Implementation of a DASR will not take place until the Scheduling ESS certifies the commencement of all transmission services related to the service request.

2. No Meter Change Required

Subject to the provision of subsection V. (E)(1) above, accepted DASRs that do not require a meter change will be switched over on the effective date as stated on the DASR.

3. Meter Change Required

Accepted DASRs that require a meter change by the Company may be served using existing acceptable metering equipment. Billing and settlements for such Consumers will be based on load profiles specified by the Company until standard metering equipment is installed. Consumers seeking Direct Access Service will receive the same priority for changes in standard metering equipment as other Consumers.

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VI. Direct Access Service Election and Supplier Choice *(continued)*

E. Implementation of the DASR *(continued)*

4. Commencement of Direct Access

The Company will begin receiving DASRs upon approval of this Tariff. If the Company receives a volume of DASRs that exceeds the amount that the Company can process in an accurate and timely manner, the Company will promptly notify the Commission and will promptly process the DASRs it receives on a nondiscriminatory basis.

5. Change Requiring Special Meter Read

If the effective date for a DASR submitted under this Section does not coincide with the Company's established meter reading schedule, the Consumer will pay to the Company the applicable charge for off-cycle meter reading specified in Schedule 300. The Company's DASR form will provide Consumers the option of switching on a date that coincides with the Company's established meter reading schedule.

6. Schedule Change By Mutual Agreement

The Company, ESS, and Consumer, by mutual agreement, may agree to a different service change date for the service changes requested in a DASR. The Company will retain documentation of a schedule change by mutual agreement with its documentation of the original DASR for a period of three (3) years.

F. DASR Processing Fee

The Company will assess a charge for processing DASRs, as specified in Schedule 600, if the DASR is accepted. This charge will be billed to the ESS.

VII. Standard Offer and Cost-Based Service

A. Consumer Authorization

Except in the case of a Nonresidential Consumer taking Emergency Default Service, the Company will not switch a Nonresidential Consumer from Direct Access to Standard Offer or Cost-Based Service, as applicable, or among the Company's Standard Offer Service rate options without the Consumer's written authorization or electronic authorization in a form acceptable to Company.

B. Form of Authorization

The written or electronic authorization must be in a format provided by the Company and shall include, at a minimum: (1) the Consumer's name, current account number and unique location identifier, if available; (2) the service address and the Consumer's mailing address; (3) the type of service and/or the Standard Offer Service rate option being purchased; (4) a designation of the Company as the new supplier; (5) the Consumer's choice of Billing Services; (6) identification and explanation of any nonrecurring charges associated with the Consumer's decision to take service from the Company; (7) a statement that the Consumer

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VII. Standard Offer and Cost-Based Service *(continued)*

B. Form of Authorization *(continued)*

is authorized to make the change and authorizes the Company to provide service; and (8) the Consumer's signature or electronic authorization, and title.

C. Implementation

1. The request for Standard Offer or Cost-Based Service will be subject to all Tariffs for new Company service, including applicable deposit provisions stated in Rule 9.
2. The Consumer must give the Company at least five business days notice before the date it wishes to switch to default Standard Offer Service. Additional notice periods may apply to other Standard Offer Service rate options as set forth in this Tariff.
3. A Consumer receiving Standard Offer or Direct Access Service may return to Cost-Based Service only by complying with the returning service requirements stated in Schedule 200. If the Company receives a request for Cost-Based Service from a Consumer ineligible for such service under this Rule, then the Company will notify the Consumer of its ineligibility and request a new authorization from the Consumer for Standard Offer Service.
4. Requests for Standard Offer Service that require a meter change by the Company may be served using existing acceptable metering equipment. Billing for such Consumers will be based on load profiles specified by the Company until standard metering equipment is installed. Consumers seeking Standard Offer Service will receive the same priority for changes in standard metering equipment as other Consumers.
5. If the change date does not coincide with the Company's established meter reading schedule, the Consumer will pay to the Company the applicable charge for off-cycle meter reading specified in Schedule 300. The Company will provide the option to Consumers of switching on a date that coincides with the Company's established meter reading schedule.
6. The Company and the Consumer may, by mutual agreement, agree to a different date for the service changes requested by the Consumer.
7. The Company will notify the Consumer's EES within 5 business days of the day that a Consumer requests Standard Offer or Cost Based Service.

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VII. Standard Offer and Cost-Based Service *(continued)*

D. Processing Fee

The Company will assess a charge to the Consumer for processing a request for Standard Offer or Cost-Based Service, as specified in Schedule 300.

VIII. ESS Notice of Discontinuance and Disconnection

A. In order to terminate service to a Consumer, an ESS must notify the Company at least 10 business days in advance of the proposed termination date, or if the Consumer has waived its right to the full notice period, the ESS must notify the Company of the planned termination at the same time it notifies the Consumer. The notice to the Company must include: (1) the Consumer's name, account number, service location and, if applicable, the unique location identifier; (2) the earliest date for discontinuance; (3) necessary information applicable to the transfer of the Consumer's service; and (4) the reasons for discontinuance.

B. If a Consumer has failed to pay past due regulated charges, the Company retains all rights under OAR 860-021-0305, et seq. to disconnect or under OAR 860-021-0200 et seq. to refuse to offer service without a deposit.

IX. Service Options

A. Consumer Selection or Change of Service Options

1. The Consumer may select or change Service Options, including Billing and Ancillary Service Options, by submitting a DASR as described in Section VI of this Rule or a written or electronic authorization for Standard Offer or Cost-Based Service as described in Section VII of this Rule. Additionally, a Consumer may change Billing Option to any option offered by their ESS by notifying the Company in writing. The change will be effective with the Consumer's next meter read date, but in no event will it be effective in less than five (5) business days.

2. The Consumer may not change Billing or Ancillary Service Options more frequently than once per billing cycle on the regularly scheduled meter read date.

B. Company-Initiated Change of Service Options

1. When the Company may initiate a change

The Company may change the Service Options of a Direct Access Consumer in the following circumstances:

a. The ESS notifies the Company that it no longer offers a service which the Consumer is taking from the ESS.

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IX. Service Options *(continued)*

B. Company-Initiated Change of Service Options *(continued)*

- b. The ESS materially fails to meet its obligations under the terms of the Company's ESS Service Agreement (including applicable tariffs) so as to constitute an Event of Default and the Company exercises a contractual right to terminate the portion of the Agreement related to the service.

2. Process for Company-Initiated Change

- a. The affected ESS and Direct Access Consumers will be notified that the Company is initiating a change in Service Options.
- b. The ESS or the affected Direct Access Consumer shall have the right to seek an order from the Commission restoring the ESS' provision of the affected Service Options.
- c. Upon termination of consolidated ESS billing pursuant to this section, the Company may deliver a separate bill for all Company charges that were not previously billed to the ESS.

X. Emergency Default Service

A. Emergency Default Service

Emergency Default Service provides temporary service to Direct Access Consumers in unforeseen circumstances that prevent the Consumer from obtaining a valid supply of Electricity from their incumbent ESS. In circumstances specified in Section X. (B) below, the Company may unilaterally change the Service Election of a Direct Access Consumer to Emergency Default Service. Consumers may not elect Emergency Default Service. The Company will not transfer a Consumer to Emergency Default Service if the Consumer or ESS has failed to pay any overdue amounts, Time Payment amounts or other obligations related to Regulated Charges of the Company. The Company may require a deposit from the consumer prior to transferring a Consumer to Emergency Default Service.

B. When Invoked

The Company may transfer a Direct Access Consumer to Emergency Default Service if any of the following circumstances occur:

1. The Company is informed by the ESS or the Direct Access Consumer that the ESS is no longer providing service.
2. The ESS has been decertified by the Commission or receives a Commission order that otherwise prohibits the ESS from serving that Direct Access Consumer.

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X. Emergency Default Service *(continued)*

B. When Invoked*(continued)*

- 3 The ESS materially fails to meet its obligations under the terms of the Company's ESS Service Agreement (including applicable tariffs) so as to constitute an Event of Default and the Company exercises a contractual right to terminate or suspend service under the Agreement.

C. Automatic Termination of Emergency Default Service

Unless otherwise directed by the Consumer, the Company will switch a Consumer from Emergency Default Service to Default Standard Offer Service within five (5) business days of the Consumer's initial purchase of Emergency Default Service. In no event may a Consumer remain on Emergency Default Service for longer than twenty (20) business days.

D. Process for Switching Consumer to Emergency Default Service

1. If the Company switches a Consumer to Emergency Default Service, or determines that it will need to do so, the Company will send notices of the change or impending change to the incumbent ESS and to the Consumer.
2. If the effective date of the change to Emergency Default Service does not coincide with the Company's established meter reading schedule, the Consumer will pay to the Company the applicable charge for off-cycle meter reading specified in Schedule 300.
3. The ESS or the affected Direct Access Consumer shall have the right to seek an order from the Commission restoring the Direct Access Consumer's Service Election and/or the ESS' ability to provide services.

XI. Ancillary Services

A. Regulation and Frequency Response Service

1. Definition

Regulation and Frequency Response Service is the continuous balancing of resources and load so as to maintain a scheduled interconnection frequency within standards established by the North American Electric Reliability Council (NERC). If the Company provides this service, the Company will use generating capacity controlled by automatic generation control to match the Consumer's loads and resources on a real-time basis. Regulation and Frequency Response Service includes frequency regulation and voltage control services.

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XI. Ancillary Services *(continued)*
A. Regulation and Frequency Response Service *(continued)*
2. Terms and Conditions

Terms and conditions for Regulation and Frequency Response Service are established by the Company's applicable tariff approved by the FERC. Charges for Regulation and Frequency Response Service will be billed to the Consumer's Scheduling ESS.

3. Alternate Provision

A Direct Access Consumer must purchase Regulation and Frequency Response Service from the Company unless the Consumer or its Scheduling ESS makes alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. A Consumer electing such alternate provision of Regulation and Frequency Response Service must demonstrate that its alternative arrangements are comparable to service under the Company's applicable tariff approved by the FERC.

B. Emergency Imbalance Service

1. Definition

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy over a single hour. Energy Imbalance Service includes load shaping, load following, and energy balancing services.

2. Terms and Conditions

Terms and conditions for Energy Imbalance Service are established by the Company's applicable tariff approved by the FERC. Charges for Energy Imbalance Service will be billed to the Consumer's Scheduling ESS. The amount of energy imbalance is calculated for the entire load the Scheduling ESS is serving for an ESS.

3. Alternate Provision

A Direct Access Consumer must purchase Energy Imbalance Service from the Company unless the Consumer or its Scheduling ESS makes alternative comparable arrangements to prevent the occurrence of energy imbalances with the Company. The Consumer or its Scheduling ESS must demonstrate to the Company that such alternative arrangements will be effective in preventing energy imbalances with the Company.

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XI. Ancillary Services *(continued)*
C. Operating Reserve – Spinning Reserve Service *(continued)*
1. Definition

Spinning reserve serves load immediately in the event of a system contingency. Spinning Reserve Service is provided by generating units that are controlled by automatic generation control, on-line and loaded at less than maximum output. Upon the outage of a generation resource for which Spinning Reserve Service has been purchased, Spinning Reserve Service provides replacement capacity commencing immediately until the earlier of (a) the restoration of the resource to service or (b) the end of ten (10) full minutes after the occurrence of the outage.

2. Terms and Conditions

Terms and conditions for Operating Reserve – Spinning Reserve Service are established by the Company's applicable tariff approved by the FERC. Charges for Operating Reserve – Spinning Reserve Service will be billed to the Consumer's Scheduling ESS.

3. Alternate Provision

A Direct Access Consumer must purchase Spinning Reserve Service from the Company except to the degree that the Consumer or its Scheduling ESS makes alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. A Consumer electing such alternate provision of all or a portion of its Spinning Reserve Service obligation must demonstrate that its alternative arrangements are comparable to service under the Company's applicable tariff approved by the FERC.

D. Operating Reserve – Supplemental Reserve Service

1. Definition

Supplemental reserve serves load in the event of a system contingency within a short period of time. Supplemental Reserve Service is provided by generating units that are on-line and loaded at less than maximum output, by quick-start generation or by interruptible load. Upon the outage of a generation resource for which Supplemental Reserve Service has been purchased, Supplemental Reserve Service provides replacement capacity commencing ten (10) full minutes after the outage until the earlier of (a) the restoration of the resource to service or (b) the end of the first full hour immediately following the occurrence of the outage.

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XI. Ancillary Services *(continued)*

D. Operating Reserve – Supplemental Reserve Service *(continued)*

2. Terms and Conditions

Terms and conditions for Operating Reserve – Supplemental Reserve Service are established by the Company's applicable tariff approved by the FERC. Charges for Operating Reserve – Supplemental Reserve Service will be billed to the Consumer's Scheduling ESS.

3. Alternate Provision

A Direct Access Consumer must purchase Supplemental Reserve Service from the Company unless the Consumer makes alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. A Consumer electing such alternate provision of its Supplemental Reserve Service obligation must demonstrate that its alternative arrangements are comparable to service under the Company's applicable tariff approved by the FERC.

XII. Scheduling

- A. The scheduling of resources and transmission and distribution usage with the Company under Direct Access Service will be performed only by a certified Scheduling ESS.
- B. Each Scheduling ESS must provide schedules to the Company pursuant to the terms of the Company's applicable tariff approved by the FERC.
- C. All scheduling must be performed in accordance with the Scheduling ESS Service Operating Agreement and with the Company's scheduling protocols.

XIII. ESS Credit Requirements

A. Credit Review/Applicability

These standards apply to a Non-Scheduling ESS or Scheduling ESS (sometimes collectively referred to as ESSs in this Section) selling electric services available pursuant to direct access to one or more retail electricity Consumers. Each ESS must qualify on an individual basis. An ESS's participation in direct access is contingent upon meeting and maintaining the credit requirements set forth in this Tariff and the applicable ESS Service Agreement and/or Scheduling ESS Operating Agreement. The Company shall determine whether the ESS meets the Company's initial creditworthiness requirements as set forth below, and advise the Commission whether the ESS has been credit approved or not. The Company shall enter into an ESS Service Agreement and/or Scheduling ESS Operating Agreement after ESS's credit has been established pursuant to this Section XIII, collateral has been obtained and ESS certification by the Commission is complete. The Company shall continue to monitor the ESS creditworthiness to determine continuing compliance under the minimum credit requirements.

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XIII. ESS Credit Requirements *(continued)*

B. Credit Exposure

An ESS must establish and maintain creditworthiness relative to the Company's Credit Exposure to the ESS. Credit Exposure shall include, but not be limited to, the expected liabilities described in Section 4(a) herein.

C. Establishment of Credit

An ESS must establish its creditworthiness as stated in this Section.

1. Creditworthiness Requirements

Each ESS, or guarantor, must demonstrate the Company's creditworthiness requirements by satisfying all of the criteria in Section XIII(C)(1). An ESS who cannot demonstrate the requirements of Section XIII. (C)(1) shall provide a collateral deposit as described in Section XIII. (C)(4) to establish credit.

a. Credit Evaluation

An ESS seeking to enter into a new ESS Service Agreement or new Scheduling ESS Operating Agreement with the Company must complete a credit application to provide the financial information necessary to conduct a credit evaluation and establish the ESS's initial credit profile. The Company may require an ESS to complete a new or revised credit application under this Section if the ESS's ESS Service Agreement or Scheduling ESS Operating Agreement has been terminated, was not renewed, or in any other manner was caused to lapse; if the ESS no longer meets the minimum credit criteria; or periodically based on the Company's standard commercial practice. The credit evaluation will be conducted by the Company. This evaluation will be completed within ten (10) Business Days from the Company's receipt of a completed credit application and all relevant financial statements. All information required to evaluate credit will remain strictly confidential between the ESS and the Company, except as otherwise required by law. The Company will notify the Commission of its credit decision upon completion of the Company's credit review. All credit evaluations and associated collateral deposit calculations performed by the Company will be done in a non-discriminatory and consistent manner.

b. Required Credit Information

Each ESS and guarantor (if applicable) will be required to provide the following information: (1) completed credit application; (2) three (3) years of annual, audited financial statements; and (3) the latest interim financial statements along with the same interim financial statements from the prior year.

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XIII. ESS Credit Requirements (continued)
C. Creditworthiness Requirements (continued)
c. Rating Agency

An ESS and guarantor (if applicable) must demonstrate a current and maintained long-term, senior unsecured debt rating of Baa3 or higher from Moody's Investor Service (Moody's) or BBB- or higher from Standard and Poors (S&P).

d. Tangible Net Worth

An ESS and guarantor (if applicable) must maintain a minimum Tangible Net Worth of \$750 million dollars and demonstrate a minimum Tangible Net Worth of \$750 million dollars for the prior two (2) year period. Tangible Net Worth is defined as net worth minus intangibles such as goodwill and rights to patents or royalties.

e. Credit History

An ESS and guarantor (if applicable) must not be currently in default under any of its agreements with the Company or under any of its other Agreements, and must be current on all of its financial obligations. An ESS and guarantor (if applicable) must pay all past due amounts owed to the Company before credit is established.

2. Unsecured Credit

For an ESS and guarantor (if applicable) whose creditworthiness is established by satisfying requirements in Section XIII(C)(1) above, a maximum unsecured credit limit will be established by the Company according to the following table. The S&P and Moody's rating is based on the ESS's long-term senior unsecured debt rating. If an ESS is split rated, the applicable credit limit will be based on the lower debt rating.

S&P / Moody's Ratings	Unsecured Credit Limit
> A+ / A1	\$15MM
=A / A2	\$10MM
=A- / A3	\$7MM
=BBB+ / Baa1	\$5MM
=BBB / Baa2	\$4MM
=BBB- / Baa3	\$3MM
<BBB- / Baa3	\$0MM

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XIII. ESS Credit Requirements *(continued)*

C. Creditworthiness Requirements *(continued)*

2. Unsecured Credit *(continued)*

The Company may increase the maximum unsecured credit limit on a case by case basis in a consistent manner using accepted commercial credit standards and based on the following criteria: (1) financial performance; (2) credit payment history; and (3) business fundamentals, which includes review of (a) market position; (b) litigation and contingencies; (c) organization; and (d) strategic and financial support. The Company will monitor the established creditworthiness utilizing these factors on an on-going basis.

3. Collateral Requirements

The ESS shall be required to post or increase collateral under any of the following conditions:

- a. the ESS does not meet the minimum creditworthiness standards established in Section XIII. (C)(1) above;
- b. the ESS fails to provide the Company sufficient relevant credit and financial information on an ongoing basis as required in Sections XIII. (C)(1) and (C)(5) and the ESS Service Agreement or Scheduling ESS Operating Agreement;
- c. the ESS experiences a Material Adverse Change. A Material Adverse Change is defined as the occurrence of any of the following events: (1) the ESS's long-term senior, unsecured debt rating is downgraded by either S&P or Moody's below BBB- and Baa3, respectively, or (2) a change in condition (financial or otherwise), net worth, assets, or properties which can reasonably be anticipated to impair the ESS's ability to fulfill its payment and credit obligations.; or
- d. the Company's total Credit Exposure to the ESS exceeds the ESS's unsecured credit limit as established according to Section XIII. (C)(2) and/or any existing collateral deposit.

4. Collateral Deposits

If collateral is required under Section XIII. (C)(3), the ESS shall submit and maintain a collateral deposit as described in this Section.

a. Amount of Collateral Deposit

The amount of the collateral deposit required to establish credit will be the sum of the following amounts as applicable:

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XIII. ESS Credit Requirements *(continued)*

C. Creditworthiness Requirements *(continued)*

4. Collateral Deposits *(continued)*

- (i) for ESSs billing consumers for services provided by the Company, three times the estimated maximum monthly consumer charges owed by the ESS to the Company, where such estimate is based on the usage and Tariff prices expected to prevail over the next twelve (12) months;
- (ii) for Scheduling ESSs, sixty (60) times the estimated maximum daily Potential Replacement Cost of scheduled energy. Potential Replacement Cost is estimated by multiplying the total amount of energy expected to be scheduled by the Scheduling ESS times the Company's estimate of market prices expected during the forthcoming sixty (60) days;
- (iii) all other charges from the Company to an ESS as estimated over a ninety (90) day period; and
- (iv) all invoiced and non-invoiced receivables due from the ESS.
- (v) In all cases where a collateral deposit is required under this Section 4, the ESS's collateral deposit shall not be less than \$500,000.

b. Form of Collateral Deposit

Collateral deposits shall be in the form of (1) cash deposits, (2) Letters of Credit, defined as irrevocable and renewable issued by a major financial institution acceptable to the Company, or (3) guarantees, with guarantors who have a long-term senior, unsecured debt rating of Baa3 or higher from Moody's or BBB- or higher from S&P, unless the Company determines that a material change in the guarantor's creditworthiness has occurred, or, in other cases, through the credit evaluation process described above.

c. Collateral Deposit Payment Timetable

ESSs are obligated to post collateral deposits with the Company prior to entering into an ESS Service Agreement and/or Scheduling ESS Operating Agreement. Collateral deposit increases and/or adjustments must be received within two (2) calendar days of a request from the Company. Collateral deposits must be established, maintained or extended within five (5) days of expiration of a collateral deposit.

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XIII. ESS Credit Requirements *(continued)*
C. Creditworthiness Requirements *(continued)*
4. Collateral Deposits *(continued)*
d. Interest on Cash Deposit

The Company shall pay interest on cash collateral deposits. Interest shall be calculated according to the interest rate prescribed in Rule 9.

5. On-going Maintenance of Credit

- a. The Company may review the ESS's creditworthiness, credit limits and the Company's Credit Exposure on a daily basis according to the criteria described in this Section XIII. The Company may request an increase in the collateral deposit according to the method described in Section XIII. (C)(4)(a) above by providing notice to the ESS that an increase is required as the ESS enrolls additional Consumers, the ESS no longer satisfied the minimum criteria commensurate with its unsecured credit line as described in Sections XIII. (C)(1) and (C)(2) above, the Company draws on the collateral deposit or a portion of the collateral deposit pursuant to this Section or the ESS Service Agreement, and/or the Company's Credit Exposure to the ESS increases.
- b. To assure continued validity of established unsecured credit, the ESS shall promptly notify the Company if the ESS (i) experiences any Material Adverse Change; (ii) the ESS's long-term, senior unsecured debt rating is downgraded by Moody's and/or S&P; (iii) experiences a change in control as a result of merger or consolidation; (iv) sells or transfers a material portion of its assets; or (v) proposes to change its designation from non-scheduling to Scheduling or vice versa.
- c. The ESS shall provide to the Company an updated credit application reflecting current financial and business information pursuant to the terms of Section XIII. (C)(1)(a); upon the occurrence of any event listed in Section XIII. (C)(5)(a) or (5)(b); if the ESS has been suspended pursuant to the terms of the ESS Service Agreement; to support a request for an increased credit line; or as the Company may reasonably require on a quarterly basis.
- d. The ESS shall review and maintain its collateral and establish, extend or increase collateral when required pursuant to this Section.

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XIII. ESS Credit Requirements *(continued)*

C. Creditworthiness Requirements *(continued)*

5. On-going Maintenance of Credit *(continued)*

e. All collateral amounts will be adjusted up or down to the nearest integral multiple of \$25,000, but never less than the required collateral deposit. The Company will notify the ESS of any such needed adjustments. During the first year of Direct Access Implementation, the initial collateral amount required shall be the minimum collateral amount for a period of not less than one year after the date on which the ESS enters into and signs an ESS Service Agreement and/or Scheduling ESS Operating Agreement.

6. Re-establishment of Credit

An ESS whose ESS Service Agreement or Scheduling ESS Operating Agreement has been suspended due to inadequate credit may re-establish its creditworthiness in the manner prescribed in Section 1 or by the provision of a collateral deposit, or by other manner described in this Section XIII.

D. Additional Documents

The ESS shall execute and deliver all documents and instruments (including, without limitation, security agreements and Company financing statements) reasonably required from time to time to implement the provisions set forth above and to perfect any security interest granted to the Company.

XIV. Dispute Resolution

A. Disputes By Consumers

A Consumer with concerns regarding charges or services provided by the Company should contact the Company's business center. If, after contacting the business center, the Consumer's concerns have not been satisfied, the Consumer should contact the Company's Consumer Appeal Line. An employee will investigate the dispute and make an attempt to resolve it within five days.

If the Consumer's dispute is not resolved after contacting the Consumer Appeal Line, the Consumer has the right to informally contact the Consumer Assistance Staff of the Commission. The Consumer has the right to file a formal complaint with the Commission. While a Consumer is proceeding with an informal or a formal review of a dispute, the Company will not terminate service, provided that any amounts not disputed are paid when due.

B. Disputes By ESS's

An ESS with concerns regarding charges or services provided by the Company in conjunction with the Company's ESS Service Agreement should contact the Company representative identified in the Agreement. The Company will attempt to informally resolve disputes. The Company or the ESS may initiate the dispute resolution process specified in the Agreement.

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