

TRANSMISSION COORDINATION AGREEMENT

This Agreement is entered into this 19th day of August, 2004, by and between Associated Electric Cooperative, Inc. ("AECI"), a Missouri corporation, and Southwest Power Pool, Inc. ("SPP"), an Arkansas non-profit corporation, which may be individually referred to herein as a "Party" and collectively as "Parties".

WHEREAS, AECI, a member of the Southeastern Electric Reliability Council (SERC), owns and operates, among other things, an integrated electric transmission system, which it uses to provide electric service to its customers, and to provide non-discriminatory open access transmission service; and,

WHEREAS, SPP is an independent provider of regional reliability, security coordination, and tariff administration services to its customers and its interconnected member electric systems in the Southwest part of the United States; and,

WHEREAS, Parties evaluate requests for transmission service reservations and schedules that have parallel flow impacts on facilities owned by AECI and the transmission owners of SPP; and,

WHEREAS, Parties are committed to the application of North American Electric Reliability Council ("NERC") reliability principles, policies, and Standards.

WHEREAS, the Parties entered into a letter agreement dated August 28, 2002 in which the Parties agreed to work toward a more comprehensive coordination agreement which is fulfilled in the execution of the agreement herein; and,

NOW, THEREFORE, in consideration of the mutual promises contained herein, the receipt of which is hereby acknowledged, Parties agree as follows:

Section 1 – Transmission Data Exchange / Coordination

- 1.1 The Parties shall exchange certain data pertinent to the calculation of Available Flowgate Capability ("AFC") and/or Available Transfer Capability ("ATC"). The Parties shall also exchange data pertinent to the coordinated planning and operation of the interconnected transmission grid. Data to be exchanged includes, but is not limited to:
 - 1.1.1 Transmission Reservation Information. The Parties shall exchange transmission service reservations. Such data shall be exchanged on an FTP site accessible to both parties, hereinafter referred to as the Data Exchange, and updated at least daily.

- 1.1.2 Facility Ratings. The Parties shall exchange seasonal facility rating information on an as updated, but no less than annual, basis to ensure accuracy in the calculation of AFC/ATC values. Such data shall be exchanged via the Data Exchange.
- 1.1.3 AFC/ATC Values. The Parties shall exchange daily AFC/ATC information on a daily basis for the next 30 days, and monthly AFC/ATC information on a monthly basis for months 2 through 13. Such data shall be exchanged via the Data Exchange, and updated at least daily.
- 1.1.4 Transmission and Generation Outage Information. The Parties shall exchange information regarding upcoming transmission and generation outages that have a direct impact on the other Party, to be used for maintenance coordination and AFC/ATC calculation. Such data shall be exchanged via the NERC System Data Exchange (SDX) as required by NERC.
- 1.1.5 Load Forecasts. The Parties will exchange peak load data for each period (e.g., daily, weekly, and monthly). For the next seven (7) day horizon, the Parties shall either supply hourly load forecasts or they shall supply daily peak load forecasts with a 24-hour load profile. All load forecasts will be provided on a Control Area basis.
- 1.1.6 Models. The Parties will exchange their detailed EMS models once a year in common information model (“CIM”) format, or an otherwise agreed upon format, with monthly updates to be provided as new data becomes available. This yearly exchange will include the ICCP/ISN mapping files, identification of individual bus loads, seasonal equipment ratings and one-line drawings that will be used to expedite the model conversion process. The Parties will also exchange monthly updates that represent the incremental changes that have occurred to the EMS model since the last monthly update.
- 1.1.7 Transmission Plans. The Parties shall exchange their respective Long Range Transmission Plans on an as-updated, but no less than annual, basis.
- 1.1.8 Emergency Plans and Restoration Procedures. The Parties shall exchange their respective Emergency Plans and Restoration Procedures on as-updated, but no less than annual, basis.
- 1.2 The data provided by the Parties to the Data Exchange shall be used to ensure accuracy in processes such as AFC/ATC calculation, outage coordination, and transmission planning studies.

Section 2 – Participation in Regional Working Groups

- 2.1 The Parties shall also coordinate by participation in SPP and SERC working groups that promote coordination of transmission and reliability functions. Examples of such functions include, but are not limited to, ATC calculations, coordinated planning, reserve sharing, outage coordination, and transmission service administration.
- 2.2 Initially, the Parties shall participate in the SPP Operating Reliability Working Group and the SPP Transmission Assessment Working Group.

Section 3 – Consideration of External Limitations

- 3.1 Each Party has an established methodology for determining AFC/ATC information, by which it evaluates requests for and grants access to transmission service. Each Party shall continue to use its own methodology for this process, but shall consider limitations on the other Party's system as follows:
 - 3.1.1 Each Party shall consider a subset of the other Party's facilities in its AFC/ATC calculation and transmission service evaluation processes for paths that have impacts on the other Party's facilities that can be scheduled upon without a corresponding transmission reservation on the affected Party's system. This subset shall only include facilities on the other Party's system with a response factor of equal to or greater than 5%, or as otherwise agreed upon by both Parties, to reservations on the first Party's system, and shall be specific to each applicable reservable path.
 - 3.1.2 For transmission service on the path between the two Parties, the Parties shall work together to develop jointly agreed upon values for AFC/ATC postings.
 - 3.1.3 The Parties agree that all requests for transmission service on either of their systems that are expected to affect provision of transmission on the other Party's system shall be evaluated using the data provided pursuant to Section 1.1.
- 3.2 If a transmission service request cannot initially be accepted due to an AFC/ATC limitation on the other Party's system, the Parties will work in good faith to develop and implement, in a timely manner, a mutually acceptable solution that will mitigate the limitation. While a mutually agreeable mitigation plan (including but not limited to operating guides, redispatch, or transmission expansion) for the constraint is being pursued, the service will not be accepted. The mitigation plan must be pursued expeditiously. Solutions to the constraint and associated cost allocation measures must be implemented as soon as possible. If the Parties disagree over the acceptability or the expeditious pursuit and

implementation of a mitigation plan and associated cost allocation measures, dispute resolution procedures under Section 12 of this agreement shall be invoked. If the Parties agree that no acceptable mitigation plan exists to create additional transmission capacity or until such time as the dispute resolution process is completed, the service will not be accepted.

Section 4 – Use of Operating Guides

- 4.1 The Parties shall consider the usage of Operating Guides for the purpose of creating additional transmission capability to be offered to the market or to prevent curtailment of schedules during periods of high loading on constrained facilities. Any such Operating Guides developed by the Parties must be reasonably effective and must not violate any applicable NERC reliability principles, policies, and Standards, SPP Criteria, or SERC operating reliability criteria.

Section 5 – Coordinated Planning

- 5.1 The Parties will coordinate any studies required to assure the reliable, efficient, and effective operation of the transmission system. Results of such coordinated studies will be included in a coordinated system plan. The coordinated system plan shall have as input the results of ongoing analyses of requests for interconnection and ongoing analyses of requests for long-term firm transmission service. The coordinated system plan shall be an integral part of the expansion plans of each Party.
- 5.2 In accordance with the procedures under which the Parties provide interconnection service, each Party will coordinate with the other the performance of any studies required in determining the impact of a request for generator or merchant transmission interconnection. Results of such coordinated studies will be included in the impacts reported to the interconnection customers as appropriate. Coordination of studies and upgrades will include the following:
 - 5.2.1 Upon the posting to the OASIS of a request for interconnection, the Party receiving the request (“direct connect system”) will determine whether the other Party is potentially impacted. If the other Party is potentially impacted, the directly connected system will notify the other Party and convey the information provided in the posting.
 - 5.2.2 If the potentially impacted Party determines that its system may be materially impacted by the interconnection, that Party will contact the direct connect system and request participation in the applicable interconnection studies. The Parties will coordinate with respect to the nature of studies to be performed to test the impacts of the interconnection on the potentially impacted Party, who will perform the studies. The

Parties will strive to minimize the costs associated with the coordinated study process.

- 5.2.3 Any coordinated studies will be performed in accordance with the study timeline requirements of the applicable generation interconnection procedures of the direct connect system. The potentially impacted Party will comply with this schedule.
 - 5.2.4 The potentially impacted Party may participate in the coordinated study either by taking responsibility for performance of studies of its system, or by providing input to the studies to be performed by the direct connect system. The study cost estimates indicated in the study agreement between the direct connect system and the interconnection customer will reflect the costs and the associated roles of the study participants including the potentially impacted Party. The direct connect system will review the cost estimates submitted by all participants for reasonableness, based on expected level of participation and responsibilities in the study.
 - 5.2.5 The direct connect system will collect from the interconnection customer the costs incurred by the potentially impacted Party associated with the performance of such studies and forward collected amounts to the potentially impacted Party.
 - 5.2.6 If the results of the coordinated study indicate that network upgrades are required in accordance with procedures, guidelines, criteria, or standards applicable to the potentially impacted system, the direct connect system will identify the need for such network upgrades in the system impact study prepared for the interconnection customer.
 - 5.2.7 Requirements for construction of, and the reimbursement of costs related to, such network upgrades will be under the terms and conditions of the potentially impacted system and consistent with applicable federal or provincial regulatory policy.
- 5.3 Each Party agrees to assist in the preparation of a coordinated system plan applicable to the Parties' systems.

Section 6 – Coordinated Scheduling

- 6.1 The Parties agree that each Party will leverage technology, where feasible, to perform electronic approvals of schedules and to perform electronic checkouts, in lieu of telephone calls. The Parties agree to follow the following scheduling protocols:
- 6.2 The Parties, acting as the scheduling agent for their respective Control Areas, will conduct checkouts with each other on behalf of those Control Areas.

- 6.3 The Parties will require all schedules, other than reserve sharing or other emergency events and loss payback schedules, to be tagged via the NERC tagging standards. For reserve sharing and other emergency schedules that are not tagged, the Parties will enter manual schedules after the fact into their respective scheduling systems to facilitate checkout between the Parties.
- 6.4 When there is a scheduling conflict, the Parties will work in unison to modify the schedule as soon as practical. If there is a scheduling conflict that is identified before the schedule has started, then both Parties will make the correction in real-time and not wait until the quarter hour. If the schedule has already started and one Party identifies an error, then the Parties will make the correction at the earliest quarter hour increment. If a scheduling conflict cannot be resolved between the Parties (but the source and sink have agreed to a MW value), then the Parties will both adjust their numbers to that same MW value. If source and sink are unable to agree to a MW value, then the previously tagged value will stand for both Parties.
- 6.5 The Parties will perform the following types of checkouts:
- (i) Pre-schedule (Day-Ahead) daily between 1800 and 2200 hours;
 - a. Intra-hour checkout/schedule confirmation will occur as required due to intra-hour scheduled changes.
 - (ii) Hourly Before the Fact (Real-Time);
 - a. Hourly before the fact checkout includes the verification of import and export totals in addition to net scheduled interchange (“NSI”) for control areas with that ability. At a future time, the Parties may checkout individual schedules.
 - b. Hourly checkout is performed starting at the half hour and ending at the ramp hour.
 - (iii) After the Fact (Day End) daily starting at 0100 hours; and
 - (iv) After the Fact (Monthly) daily on a month to date basis (usually via email) starting on the first business day of the month and ending by the tenth (10th) business day of the following month.
- 6.6 If a checkout discrepancy is discovered, the Parties will use the NERC tag to find where the discrepancy exists.

Section 7 – Term and Termination

- 7.1 The term of this Agreement shall begin on the date that it has been executed by both Parties and shall be ongoing until terminated by either Party. A Party may terminate this Agreement upon thirty (30) days written notice to the other Party.

Section 8 – Standard of Performance

- 8.1 Parties shall fulfill all expectations specified in this Agreement in accordance with Good Utility Practice and shall conform to applicable reliability criteria, policies, standards, rules, regulations and other requirements of SPP, SERC, and NERC, and all applicable requirements of federal and state regulatory authorities.

Section 9 – Amendments to Agreement

- 9.1 This Agreement shall not be varied or amended unless such variation or amendment is agreed to in writing and executed by duly authorized representatives of Parties.

Section 10 – Notices

- 10.1 Notices. Any notice, demand or request required or authorized by this Agreement to be given by one Party to the other shall be in writing. It shall be personally delivered, transmitted by telecopy or facsimile equipment (with receipt verbally and electronically confirmed), sent by overnight courier, or mailed, postage prepaid, to the other Party at the address designated in this Section 8. Any such notice, demand or request so delivered or mailed shall be deemed to be given when so delivered or three (3) days after mailed. The name of the person to whom notice is to be given or the address to which such notice is to be sent may be changed by a communication sent in accordance with the terms of this Section 8.1.
- 10.2 Addresses of the Parties. Notices and other communications shall be addressed to:

AECI
John Stickley
Manager, Transmission Policy
Associated Electric Cooperative, Inc.
P.O. Box 754
Springfield, MO 65801-0754

SPP
Lanny Nickell
Southwest Power Pool, Inc.
415 North McKinley Street
#800 Plaza West
Little Rock, AR 72205-3020

Section 11 – Waiver of Liability and Indemnification

- 11.1 A Party, its directors, officers, agents and employees shall not be liable to the other Party for damages arising out of or related to performance of obligations under this Agreement; provided, however, that this section shall not apply to actions which are unlawful, undertaken in bad faith, or are the result of gross negligence or willful misconduct.
- 11.2 Each Party hereby agrees to indemnify and hold harmless the other Party, its directors, officers, agents and employees against and from any and all claims, demands, causes of action, losses and liabilities (including any cost and expense of litigation and reasonable attorneys fees) incurred in defending any action, suit or proceeding for or on account of (i) injury, bodily or otherwise, to, or the death of, persons, or for damage to, or destruction that arises from negligent acts of a Party associated with (a) facilities, property and equipment owned or controlled by a Party or its affiliates, or Party's operation and maintenance thereof; (b) the transmission and delivery of electricity by a Party; and (ii) damages arising out of or related to performance by a Party of its obligations under this Agreement, except to the extent that such claims, demands, causes of action, losses and liabilities are attributable to actions of a Party or its directors, officers, agents or employees which are unlawful, undertaken in bad faith, or are the result of gross negligence or willful misconduct.

Section 12 – Dispute Resolution

- 12.1 The Parties shall attempt in good faith to achieve consensus with respect to all matters arising under this Agreement and to use reasonable efforts through good faith discussion and negotiation to avoid and resolve disputes that could delay or impede either Party from receiving the benefits of this Agreement. These dispute resolution procedures apply to any dispute that arises from either Party's performance of, or failure to perform, this Agreement and which the Parties are unable to resolve prior to invocation of these procedures. It is the intent of the Parties that these procedures be followed in the order stated.
- 12.1.1 The Party alleging a dispute shall give written notice of the dispute to the other Party. Within ten (10) days of such notice, selected officers of the Parties shall meet and attempt to resolve the dispute through good faith

discussion and negotiation. Each Party shall also be permitted to bring other individuals to these meetings as subject matter experts; however, all representatives must be employees of the Party they represent. In the event the Officers are unable to resolve the matter within twenty (20) days of the notice, either Party shall be entitled to escalate the dispute resolution process.

12.1.2 A Party may escalate the dispute resolution process by giving notice thereof to the other Party. Within five (5) days of the notice, the dispute will be referred in writing to the Parties' Presidents for consideration. Within fourteen (14) days of submission to the Parties' Presidents, they shall meet and attempt to resolve the dispute through good faith discussion and negotiation. The Parties shall serve upon each other, written position papers concerning the dispute, at least forty-eight (48) hours in advance of such meeting. In the event the Parties' Presidents are unable to resolve the matter within 28 days, either Party shall be entitled to escalate the dispute resolution process.

12.1.3 A Party may escalate the dispute resolution process by giving notice thereof to the other Party. Within five (5) days of the notice, the dispute will be referred for mediation to be administered by the American Arbitration Association under its Commercial Mediation Rules. The site of the mediation shall be a place selected by mutual agreement of the Parties. Absent mutual agreement, the site of the mediation shall be Little Rock, Arkansas. Each Party will be responsible for its own expenses associated with the mediation, as well as fifty percent (50%) of the costs of the mediation.

Section 13 – Data Management

13.1 "Data" means all information embodied in any electronic or tangible medium and supplied or in respect of which the Parties grant access under this Agreement.

13.2 The Parties acknowledge that the Data are the property of respective Parties.

13.3 Having due regard for the nature of their respective obligations under this Agreement:

13.3.1 Each Party shall use its best efforts to preserve the integrity of the other Party's Data, and to prevent any corruption or loss of such Data; and

13.3.2 Each Party shall use its best efforts to preserve the integrity of its own Data by, as a minimum, continuing to employ its own established internal procedures in relation to the same.

- 13.4 Without limiting the foregoing obligations, each Party shall reasonably assist in establishing measures to preserve the integrity and prevent any corruption or loss of all Data, and shall reasonably assist in the recovery of any corrupted or lost data.

Section 14 – Miscellaneous Provisions

- 14.1 Successors and Assigns. This Agreement shall inure to the benefit of, and be binding upon the Parties, their respective successors and assigns permitted hereunder, but shall not be assignable by a Party, by operation of law or otherwise, without the approval of the other Party which approval shall not be unreasonably withheld, except that no such approval is required as to a successor of either Party by reason of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which substantially all such transmission facilities are acquired by such successor.
- 14.2 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the specific provisions of this Agreement at any time shall not be construed as a waiver or relinquishment to any extent of such Party's right to assert or rely upon any such provisions, rights, or remedies in that or any other instance, or as a waiver to any extent of any specific provision of this Agreement; rather the same shall be and remain in full force and effect.
- 14.3 Severability. Each provision of this Agreement shall be considered severable, and if for any reason any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, then the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision shall be replaced with a suitable and equitable provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid, void, or unenforceable provision.
- 14.4 Entire Agreement. This Agreement, including applicable appendices and their duly approved replacements, constitute the entire agreement among the Parties with respect to the subject matter of this Agreement.
- 14.5 Good Faith Efforts. Each Party agrees that it shall in good faith take all reasonable actions necessary to permit it and other signatories to fulfill their obligations under this Agreement. Where the consent, agreement, or approval of any Party must be obtained hereunder, such consent, agreement, or approval shall not be unreasonably withheld, conditioned, or delayed. Where any Party is required or permitted to act, or omit to act, based on its opinion or judgment, such opinion or judgment shall not be unreasonably exercised. To the extent that the jurisdiction of any federal or state regulatory authority applies to any part of this

Agreement and/or the transactions or actions covered by this Agreement, each Party shall cooperate with all other signatories to secure any necessary or desirable approval or acceptance of such regulatory authorities of such part of this Agreement and/or such transactions or actions.

14.6 Confidentiality. To the extent that a Party's Data shall be regarded as confidential, the other Party's rights with respect to the use, sale, reproduction, modification and distribution of the same shall be limited to the extent necessary so as to enable the fulfillment of obligations under this Agreement.

14.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, binding upon the Parties, notwithstanding that they may not have executed the same counterpart.

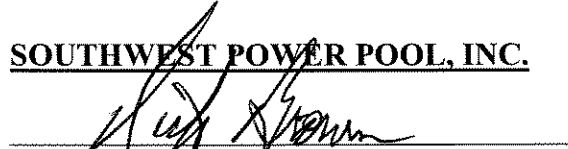
IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute and attest this Agreement, on their respective behalves.

ASSOCIATED ELECTRIC COOPERATIVE, INC.


James J. Jura
CEO & General Manager

Date: 8/13/04

SOUTHWEST POWER POOL, INC.


Nick Brown
President & CEO

Date: 8/19/04