

Duke Energy Florida, LLC
FERC FPA Electric Tariff
Tariffs, Rate Schedules and Service Agreements
OATT Service Agreement No. 156
Telogia GIA
Effective: September 26, 2016
Option Code: A

OATT SERVICE AGREEMENT NO. 156

SERVICE AGREEMENT

For

Interim Interconnection and Test Operating Agreement

Between

Telogia Power LLC

And

Duke Energy Florida, LLC

Dated: August 19, 2009

EXECUTION VERSION

INTERIM INTERCONNECTION AND TEST OPERATING AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into this 19th day of August, 2009, by and between Telogia Power LLC, a limited liability company organized and existing under the laws of the State of Delaware, as successor by deed to Timber Energy Resources, Inc., a Texas corporation, as owner of the Facility (as defined below) hereinafter referred to as "TELOGIA POWER", and Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Progress Energy company, organized and existing under the laws of the State of Florida, sometimes hereinafter referred to as "Company". TELOGIA POWER and Company each may be referred to as a "Party", or collectively as the "Parties".

WITNESSETH:

WHEREAS, TELOGIA POWER intends to own and operate a generating facility located in Telogia, Florida, with a net generation output of 14.01 MW hereinafter referred to as the "Facility"; and

WHEREAS, the Facility is an existing connection to Company's Transmission System; and

WHEREAS, TELOGIA POWER has requested, and Company has agreed to enter into, an interconnection and operating agreement with TELOGIA POWER to Reestablish the interconnection of the Facility with the Company Transmission System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

**ARTICLE 1
DEFINITIONS**

1.0 Whenever used in this Agreement, and the appendices and attachments hereto, the following terms when capitalized shall have the following meanings:

1.01 “Company Transmission System” shall mean all the facilities owned or controlled by the Company on the Company’s side of the Points of Interconnection for the purpose of providing distribution and transmission service pursuant to the provisions of the Company Transmission Tariff.

1.02 “Company Transmission Tariff” shall mean the open access transmission tariff of Progress Energy Florida, Inc. on file with FERC, as it may be amended or superseded, under which wholesale transmission service is provided on the Company Transmission System.

1.03 “Confidential Information” shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as Confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise. Confidential Information shall include, without limitation, all such information relating to a Party’s technology, research and development, business affairs, and pricing, and any such information supplied by either of the Parties to the other prior to the execution of this Agreement. Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is

conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

1.04 “Emergency” shall mean any abnormal system condition that requires automatic or immediate manual action to prevent or limit loss of transmission facilities or generation supply that could adversely affect the reliability of the Company Transmission System or the systems to which the Company Transmission System is directly or indirectly connected; provided however, that the inability of Company to meet its load requirements because of insufficient generation resources shall not constitute an Emergency.

1.05 “Facility” shall mean TELOGIA POWER’s electric generating facility identified as a existing internal combustion generator set plant located in Telogia Florida to be known as the TELOGIA POWER generating facility interconnected to the transmission system at a point located 0.12 miles from Progress Energy Florida’s (PEF’s) Liberty substation on the transmission line connecting the Timber Energy site and PEF’s Liberty substation and to be more specifically identified in the “as built” drawings to be provided to the Company in accordance with Section 8.3 or Appendix A, together with the other property, facilities, and equipment owned and/or controlled by TELOGIA POWER on TELOGIA POWER’s side of the Points of Interconnection.

1.06 “FERC” shall mean the Federal Energy Regulatory Commission, or its successor.

1.07 “Force Majeure” shall mean an event or occurrence or circumstance beyond the reasonable control of, and without the fault or negligence of the Party claiming Force

Majeure, including, but not limited to, acts of God, labor dispute (including strikes), floods, earthquakes, storms, fires, lightning, epidemics, wars, riots, civil disturbances, sabotage, acts of public enemy, explosions, curtailments, orders, regulations or restrictions imposed by governmental, military, or lawfully established civilian authorities, or any other event or cause which is beyond the claiming Party's reasonable control, and which wholly or in part prevents the claiming Party from performing its obligations under this Agreement. Mere economic hardship of a Party does not constitute Force Majeure.

1.08 "FRCC" shall mean the Florida Reliability Coordinating Council, or its successor.

1.09 "Good Utility Practice" shall mean any of the practices, methods and acts engaged in or approved by a significant proportion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgement in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of acceptable practices, methods or acts.

1.10 "Hazardous Substances" shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "hazardous constituents", "restricted hazardous materials", "extremely hazardous substances", "toxic substances", "contaminants", "pollutants", "toxic pollutants" or words of similar meaning and regulatory effect under

any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law. For purposes of this Agreement, the term “Environmental Law” shall mean Federal, state, and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders relating to pollution or protection of the environment, natural resources or human health and safety.

1.11 “Interconnection Facilities” shall mean all facilities presently in place or presently proposed to be installed, as identified in Appendix A, or facilities which are later installed, in order to interconnect and deliver energy from the Facility to the Company’s Transmission System including, but not limited to, connection, distribution, engineering, administrative, transformation, switching, metering and safety equipment.

1.12 “Interconnection Service” shall mean the services provided by the Company to interconnect the Facility with the Company Transmission System pursuant to the terms of this Agreement. The term does not include the right to obtain transmission service on the Company Transmission System, which service shall be obtained in accordance with the provisions of the Company Transmission Tariff.

1.13 "Joint Use Facilities" shall mean facilities and equipment which are identified as Joint Use Facilities in Appendix D hereto, as it may be amended from time to time, which are owned by either the Company or TELOGIA POWER and are or may be operated jointly by the Company and TELOGIA POWER.

1.14 “Law” shall mean any law, including, without limitation, any act, requirement, ordinance, rule, judicial decision, notification, or similar directive,

resolution, regulation of any governmental authority or agency (federal, state, local, or other), court or tribunal that is at any time applicable to the Parties, the Facility, the Company Transmission System, the Interconnection Facilities, or any part thereof.

1.15 “Metering Equipment” shall mean all metering equipment to be installed at the Facility and/or other metering equipment to be installed at the metering points as described in Appendix B.

1.16 “NERC” shall mean the North American Electric Reliability Council, or its successor.

1.17 “Operation Date” shall mean the day commencing at 00:01 hours on the day following the day during which Interconnection Facilities and equipment of the Facility have been completed to Company’s and TELOGIA POWER’s mutual satisfaction and energized in parallel operation of Company’s and TELOGIA POWER’s systems as confirmed in a writing substantially in the form shown in Appendix E.

1.18 “Permit” shall mean all approvals, consents, authorizations, notifications, agreements, licenses, permits of any governmental authority or agency (federal, state, local or other) that are at any time applicable to the Parties, the Facility, the Company Transmission System, the Interconnection Facilities, or any part thereof.

1.19 “Points of Interconnection” shall mean the point or points, shown in Appendix A, where the facilities of TELOGIA POWER interconnect with the facilities of Company.

1.20 “Required System Upgrades” shall mean all facilities presently in place or presently proposed to be installed, as identified in Appendix A, or facilities which are

later installed, in order to interconnect and deliver energy to the Company Transmission System including, but not limited to, connection, distribution, engineering, administrative, transformation, switching, metering and safety equipment.

1.21 “Secondary Systems” shall mean control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers.

1.22 “Switching and Tagging Rules” shall mean Company’s and TELOGIA POWER’s switching and tagging procedures, as they may be amended.

1.23 “System Protection Facilities” shall mean the equipment required to protect (1) the Company Transmission System, the systems of others connected to the Company Transmission System, and Company’s customers from faults occurring at the Facility, and (2) the Facility from faults occurring on the Company Transmission System or on the systems of others to which the Company Transmission System is directly or indirectly connected.

ARTICLE 2 TERM OF AGREEMENT

2.1 **Effective Date.** This Agreement shall become effective upon acceptance execution by both parties.

Also required for this Agreement to be effective, TELOGIA POWER shall demonstrate that it has control of the generation site for the proposed generation interconnection to the Company Transmission System. If the property is fee owned, a copy of the title and legal description of

the property is required. If the property is leased, a copy of the lease agreement that specifies the term of the lease is required. If the property is under option to purchase, a copy of the purchase contract that specifies the term of the option is required.

2.2 Term.

2.2.1 General. This Agreement shall continue in full force and effect from its effective date for 90 days or a mutually agreed termination date not to exceed the date on which the Facility permanently ceases commercial operations, or this agreement is superseded by execution of a Small Generation Interconnection Agreement (SGIA).

2.2.2 Termination Upon Default. This Agreement may be terminated upon a Party's Default in accordance with the provisions of Article 17.

2.2.3 Material Adverse Change. In the event of a material change in Law (including, without limitation, a change in the interpretation or application of any such Law by any governmental authority having jurisdiction) that has a material adverse effect, or may reasonably be expected to have a material adverse affect, on either Party's performance under this Agreement, the Parties will negotiate in good faith any amendment or amendments to this Agreement necessary to adapt the terms of this Agreement to such change in Law. If the Parties are unable to reach agreement on any such amendment within a reasonable period of time under the circumstances after the Parties first become aware of such change in Law, Company shall have the right to make a unilateral change to this Agreement pursuant to Section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered.

Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder. This Section 2.2.3 shall not apply to any change to a tariff or rate schedule accepted or approved by FERC.

2.3 Regulatory Filing. Within 60 days after execution of an SGIA Agreement by the Parties, the Company shall file such Agreement with FERC as a rate schedule within the meaning of 18 CFR Part 35. Thereafter, the Company shall pursue the approval of such filing as it would pursue other similar types of filings. TELOGIA POWER agrees to reasonably cooperate with the Company with respect to such filing and to provide any information, including the rendering of testimony reasonably requested by the Company, needed to comply with applicable regulatory requirements.

2.4 Survival. The applicable provisions of this Agreement shall continue in effect after expiration, cancellation, or termination hereof to the extent necessary to provide for final billings, billing adjustments, and the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect.

ARTICLE 3 INTERCONNECTION SERVICE

3.1 Service. Under this Agreement, Company shall provide TELOGIA POWER with Interconnection Service for the Facility for the term of this Agreement.

3.2 Scope of Service. Company shall provide Interconnection Service for the Facility at the Points of Interconnection up to 14.01 MVA, not to exceed the nameplate rating of the machine unless authorized by the Company in advance. In the event of a material change or

modification to the configuration and/or operation of the Facility, the Parties shall negotiate appropriate revisions to this Agreement, including as necessary the specifications or requirements set forth in the Appendices to this Agreement, as necessary to permit the Company to provide Interconnection Service to the Facility under this Agreement in a secure and reliable manner after the implementation of such change or modification.

3.2.1 Except as otherwise provided under this Agreement, Company shall have no obligation under this Agreement to: (1) pay TELOGIA POWER any wheeling or other charges for electric power and/or energy transferred through TELOGIA POWER's equipment or for power or ancillary services provided by TELOGIA POWER under this Agreement for the benefit of the Company Transmission System; (2) make arrangements or pay under applicable tariff for transmission and ancillary services associated with the delivery of electricity and ancillary electrical products produced by the Facility; (3) procure electricity and ancillary electrical products to satisfy TELOGIA POWER's station service or other requirements; and (4) make arrangements under applicable tariffs for transmission, losses, and ancillary services associated with the use of the Company Transmission System for the delivery of electricity and ancillary electrical products to the Facility.

3.2.2 Company makes no representations to TELOGIA POWER regarding the availability of transmission service on the Company Transmission System, and TELOGIA POWER agrees that the availability of transmission service on the Company Transmission System may not be inferred or implied from Company's execution of this Agreement. If TELOGIA POWER wishes to obtain transmission service on the Company Transmission

System, TELOGIA POWER must request such service in accordance with the provisions of the Company Transmission Tariff.

3.3 Reporting. Each Party shall notify the other Party if the notifying Party becomes aware of the notifying Party's inability to comply with the provisions of this Agreement. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including, but not limited to, the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply.

3.4 Security Deposit. TELOGIA POWER shall not be required to provide any form of security against the cost of the Interconnection Facilities and metering costs as described in Appendices A and B if it (1) has a satisfactory long-term payment history with the Company, or; (2) has been in business at least one year and has a credit rating of at least BAAA2 (Moody's) or BBB (Standard & Poors), or; (3) TELOGIA POWER's parent company meets either of the criteria set out in (1) or (2) above, and the parent company provides a written guarantee that the parent company will be unconditionally responsible for the cost stated in this Section 3.4. If TELOGIA POWER cannot meet any of the conditions in (1), (2) or (3) above, then within 14 days after an order is issued by FERC accepting this agreement, as a condition of receiving Interconnection Service, it shall provide an unconditional and irrevocable letter of credit or a surety bond in the amount of the total estimated cost of the Interconnection Facilities and metering costs as described in Appendices A and B. If TELOGIA POWER provides an unconditional and irrevocable letter of credit or a surety bond as a security deposit, upon

completion and testing of the Interconnection Facilities provided for in this Interconnection Agreement, such security deposit shall be released in full and returned to TELOGIA POWER.

3.5 Milestones. N/A Existing Facility.

3.6 Reactive Power. Except as otherwise provided under Section 4.7 of this Agreement with regard to TELOGIA POWER's obligation to provide reactive power for system reliability purposes, TELOGIA POWER specifically reserves unto itself, its successors and assigns, the right and option, but not the obligation, to provide ancillary services into the market, whether or not such ancillary services are addressed in this Agreement.

ARTICLE 4 OPERATIONS

4.1 General. Subject to Section 2.2.3, the Company and TELOGIA POWER agree that their respective performance of their obligations under this Agreement shall comply with the then-existing (or amended) manuals, standards, and guidelines of NERC, FRCC, or any successor agency assuming or charged with similar responsibilities related to the operation and reliability of the North American electric interconnected transmission grid. To the extent that this Agreement does not specifically address or provide the mechanisms necessary to comply with such NERC or FRCC manuals, standards, or guidelines, the Company and TELOGIA POWER hereby agree that both Parties shall provide to the other Party all such information as may reasonably be required to comply with such manuals, standards, or guidelines and shall operate, or cause to be operated, their respective facilities in accordance with such manuals, standards, or guidelines.

4.2 Company Obligations. The Company shall operate and control the Company Transmission System and other Company facilities: (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives, including those of NERC and FRCC; (4) in accordance with all Laws and Permits; and (5) in accordance with the provisions of this Agreement.

4.3 TELOGIA POWER Obligations. TELOGIA POWER shall operate and control the Facility (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives, including those of NERC and FRCC; (4) in accordance with all Laws and Permits; and (5) in accordance with the provisions of this Agreement.

4.4 Access Rights. The Parties shall provide each other such easements and/or access rights as may be necessary for either Party's performance of their respective operational obligations under this Agreement; provided that, notwithstanding anything stated herein, a Party performing operational work within the boundaries of the other Party's facilities must abide by the rules applicable to that site.

12.1 Switching and Tagging Rules. The Parties shall abide by their respective Switching and Tagging Rules for obtaining clearances for work or for switching operations on their respective equipment. With regard to Joint Use Facilities, the Parties will follow mutually-agreeable Switching and Tagging Rules in order to obtain clearances for work on equipment requiring switching of both Parties' facilities.

4.6 Joint Use Facilities. In accordance with mutually-agreed upon procedures, the Company and TELOGIA POWER shall jointly operate the Joint Use Facilities in accordance with Good Utility Practice, including, but not limited to: (1) closing breakers to accomplish interconnection, but not synchronization, of the Facility to the Company Transmission System; (2) opening breakers to remove the Facility from service; (3) opening disconnect and ground switches as required; (4) in-service relay testing; and (5) battery system testing and maintenance.

4.7 Reactive Power.

4.7.1 Obligation to Supply Reactive Power. TELOGIA POWER will supply reactive power to the Company Transmission System in accordance with Good Utility Practice and this Agreement. TELOGIA POWER shall respond to requests from Company to increase or decrease generator reactive power output in a manner consistent with TELOGIA POWER's obligation to operate the Facility: (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives, including those of NERC and FRCC; (4) in accordance with all Laws and Permits; and (5) in accordance with the voltage schedule prescribed by the Company a minimum of one day in advance as necessary to maintain reactive area support, but not in excess of the amount available from the Facility's equipment in service. Notwithstanding anything herein to the contrary, except as provided in Section 4.7.3 herein, TELOGIA POWER shall not be obligated to commence, increase, reduce, or continue the generation of energy from the Facility solely to provide reactive power to the Company. In the event TELOGIA POWER supplies reactive power to the Company Transmission System, Company will provide for a

credit to TELOGIA POWER for such reactive power in a transmission service agreement under the Company Transmission Tariff.

4.7.2 Reactive Power Standards. The Company may supply to TELOGIA POWER a Power Factor schedule prior to startup of the Facility. The Parties will refine this schedule based on actual Facility operations and the resulting effects on the Company transmission and/or distribution circuit.

4.7.3 Emergency. During an Emergency as declared by the Company Dispatcher on the Company Transmission System or on an adjacent transmission system, the Company Dispatcher has the authority to direct TELOGIA POWER to increase or decrease real power production (measured in MW) and/or reactive power production (measured in MVAR), within the design and operational limitations of the Facility equipment in operation at the time, in order to maintain Company Transmission System security. In the event of such a declaration of an Emergency, determinations: (1) that Company Transmission System security is in jeopardy, and (2) that there is a need to increase or decrease reactive power production, even if real power production is adversely affected, will be made solely by the Company Dispatcher or his supervision. The Facility operator will honor the Company Dispatcher's orders and directives concerning Facility real power and/or reactive power output within the design limitations of the Facility's equipment in operation at the time, such that the security of the Company Transmission System is maintained. The Company shall restore Company Transmission System conditions to normal as quickly as possible to alleviate any such Emergency. TELOGIA POWER shall be compensated for the difference between the energy scheduled by TELOGIA POWER in its transmission service schedule and the Facility output required by the Company

Dispatcher during an emergency, pursuant to the terms and conditions of the Company Transmission Tariff as specified in Service Schedule 4A. The Company Dispatcher will take all reasonable steps to equitably allocate among all generating units and other reactive compensation resources the responsibility to provide reactive power support to the Company Transmission System. The Company's efforts to allocate such responsibility among all generators and other reactive compensation resources capable of such support shall be subject to the audit provisions of Paragraph 4.7.2.

4.8 Operating Expenses. Each Party shall be responsible for all expenses associated with: (1) operating its own property, equipment, facilities, and appurtenances on its side of the Points of Interconnection, and (2) operating its Interconnection Facilities.

4.9 Protection and System Quality. TELOGIA POWER shall, at its expense, install, maintain, and operate System Protection Facilities on its side of the Points of Interconnection, including such protective and regulating devices as are identified by Law, or as otherwise necessary to protect personnel and equipment and to minimize deleterious effects to Company's electric service operation arising from the Facility. Any such protective or regulating devices that may be required on Company's facilities in connection with the operation of the Facility shall be installed by Company at TELOGIA POWER's expense.

4.9.1 Requirements for Protection. In compliance with applicable NERC and FRCC requirements, TELOGIA POWER shall provide, install, own, and maintain relays, circuit breakers, and all other devices necessary to promptly remove any fault contribution of the Facility to any short circuit occurring on the Company Transmission System not otherwise isolated by Company equipment. Such protective equipment shall include, without limitation, a

disconnecting device or switch with load interrupting capability to be located between the Facility and the Company Transmission System at an accessible, protected, and satisfactory site selected upon mutual agreement of the Parties. TELOGIA POWER shall be responsible for protection of the Facility and TELOGIA POWER's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. TELOGIA POWER shall be solely responsible for provisions to disconnect the Facility and TELOGIA POWER's other equipment when any of the above-described disturbances occur on the Company Transmission System.

4.9.2. System Quality. TELOGIA POWER's facilities and equipment shall not cause excessive voltage excursions nor cause the voltage to drop below or rise above the range maintained by Company without TELOGIA POWER's generation. TELOGIA POWER's facilities and equipment shall not cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as specified in Appendix G.

4.9.3 Inspection by Company. Company shall have the right, but shall have no obligation or responsibility to: i) observe TELOGIA POWER's tests and/or inspection of any of TELOGIA POWER's protective equipment; ii) review the settings of TELOGIA POWER's protective equipment; and iii) review TELOGIA POWER's maintenance records relative to the Facility and/or TELOGIA POWER's protective equipment. The foregoing rights may be exercised by Company from time to time as deemed reasonably necessary by the Company upon reasonable advance notice to TELOGIA POWER. However, the exercise or non-exercise by Company of any of the foregoing rights of observation, review or inspection shall be construed neither as an endorsement or confirmation of any aspect, feature, element, or

condition of the Facility or TELOGIA POWER's protective equipment or the operation thereof, nor as a warranty as to the fitness, safety, desirability, or reliability of same.

4.9.4 Inspection by TELOGIA POWER. TELOGIA POWER shall have the right, but shall have no obligation or responsibility to: i) observe Company's tests and/or inspection of any of Company's protective equipment; ii) review the settings of Company's protective equipment; and iii) review Company's maintenance records relative to the Company's Interconnection Facilities and/or Company's protective equipment. The foregoing rights may be exercised by TELOGIA POWER from time to time as deemed reasonably necessary by TELOGIA POWER upon reasonable advance notice to Company. However, the exercise or non-exercise by TELOGIA POWER of any of the foregoing rights of observation, review or inspection shall be construed neither as an endorsement or confirmation of any aspect, feature, element, or condition of the Company's Interconnection Facilities or Company's protective equipment or the operation thereof, nor as a warranty as to the fitness, safety, desirability, or reliability of same.

4.10 Outages, Interruptions, and Disconnection.

4.10.1 Outage Authority and Coordination. In accordance with Good Utility Practice, each Party may, as necessary to perform maintenance or testing or to install or replace equipment, and in close cooperation with the other, remove from service its facilities that may impact the other Party's facilities. Absent the existence or imminence of an Emergency, the Party scheduling a removal of such a facility from service shall use best efforts to schedule such removal on a date mutually acceptable to both Parties, in accordance with Good Utility Practice.

4.10.2 Outage Restoration.

4.10.2.1 Unplanned Outage. In the event of an unplanned outage of a Party's facilities that adversely affects the other Party's facilities, the Party that owns or controls the facilities out of service will use commercially reasonable efforts to promptly restore those facilities to service in accordance with Good Utility Practice; provided, however, TELOGIA POWER shall not be required to restart the Facility after the restoration of such service unless, in the reasonable judgment of the Company, under Good Utility Practice, such failure will have a material adverse effect on the Company Transmission System, the Company Interconnection Facilities, or will result in an Emergency.

4.10.2.2 Planned Outage. In the event of a planned outage of a Party's facility that adversely affects the other Party's facilities, the Party that owns or controls the facility out of service will use commercially reasonable efforts to promptly restore that facility to service in accordance with Good Utility Practice and in accordance with its schedule for the work that necessitated the planned outage; provided, however, TELOGIA POWER shall not be required to restart the Facility after the restoration of such service unless, in the reasonable judgment of the Company, under Good Utility Practice, such failure will have a material adverse effect on the Company Transmission System, the Company Interconnection Facilities or will result in an Emergency.

4.10.3 Interruption. If at any time, in Company's reasonable judgment exercised in accordance with Good Utility Practice, the continued operation of the Facility would cause an Emergency, the Company may, in accordance with the company Transmission Tariff, NERC and FRCC procedures, curtail, interrupt, or reduce energy delivered from the Facility to the Company Transmission System until the condition which would cause the Emergency is

corrected. The Company shall give TELOGIA POWER as much notice as is reasonably practicable of Company's intention to curtail, interrupt, or reduce energy delivery from the Facility in response to a condition that would cause an Emergency and, where practicable, allow suitable time for TELOGIA POWER to remove or remedy such condition before any such curtailment, interruption, or reduction commences. In the event of any curtailment, interruption, or reduction, the Company shall promptly confer with TELOGIA POWER regarding the conditions that gave rise to the curtailment, interruption, or reduction, and the Company shall give TELOGIA POWER the Company's recommendation, if any, concerning the timely correction of such conditions. The Company shall promptly reduce or cease the curtailment, interruption, or reduction of energy delivery when, or to the extent, the condition which would cause the Emergency ceases to exist.

4.10.4 Disconnection.

4.10.4.1 Disconnection After Agreement Terminates. Upon termination of this Agreement by its terms, Company may disconnect the Facility from the Company Transmission System in accordance with a plan for disconnection upon which the Parties agree.

4.10.4.2 Disconnection in Event of Emergency. Subject to the provisions of Section 4.10.4.3, Company or TELOGIA POWER shall have the right to disconnect the Facility without notice if, in that disconnecting party's sole opinion, an Emergency exists and immediate disconnection is necessary to protect persons or property from damage or interference caused by TELOGIA POWER's interconnection or lack of proper or properly operating protective devices. For purposes of this Section 4.10.4.2, protective devices

may be deemed by Company to be not properly operating if Company's review under Article 5 discloses irregular or otherwise insufficient maintenance on such devices or that maintenance records do not exist or are otherwise insufficient to demonstrate that adequate maintenance has been and is being performed.

4.10.4.3 Disconnection After Underfrequency Load Shed Event.

NERC Planning Criteria require the interconnected transmission system frequency be maintained between 59.95 Hz and 60.05 Hz. In the event of an underfrequency system disturbance, the Company Transmission System is designed to automatically shed load in accordance with FRCC load shed requirements. To ensure "ride-through" capability of the Company Transmission System, TELOGIA POWER shall implement an underfrequency relay set point for the Facility as specified in Appendix G.

4.10.5 Continuity of Service. Notwithstanding any other provision of this Agreement, Company shall not be obligated to accept, and Company may require TELOGIA POWER to curtail, interrupt or reduce, deliveries of energy if such delivery of energy impairs Company's ability to construct, install, repair, replace or remove any of its equipment or any part of its system or if Company determines that curtailment, interruption or reduction is necessary because of Emergencies, forced outages, operating conditions on its system, or any reason otherwise permitted by applicable rules or regulations promulgated by a regulatory agency having jurisdiction over such matters. The Parties shall coordinate, and if necessary negotiate in good faith, the timing of such curtailments, interruptions, reductions or deliveries with respect to maintenance, investigation or inspection of Company's equipment or system. TELOGIA POWER reserves all rights under the Federal Power Act and applicable other federal and state

laws and regulations to commence a complaint proceeding or other action with the FERC or other governmental authority with appropriate jurisdiction over the Parties to enforce the provisions of this Section 4.10.5.

Except in case of Emergency, in order not to interfere unreasonably with the other Party's operations, the curtailing, interrupting or reducing Party shall give the other Party reasonable prior notice of any curtailment, interruption or reduction, the reason for its occurrence, and its probable duration.

ARTICLE 5 MAINTENANCE

5.1 Company Obligations. The Company shall maintain those of its facilities and equipment, that might reasonably be expected to have an impact on the operation of the Facility: and (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives, including those of NERC and FRCC; (4) in accordance with all Laws and Permits; and (5) in accordance with the provisions of this Agreement.

5.2 TELOGIA POWER Obligations. TELOGIA POWER shall maintain those of its facilities and equipment, that might reasonably be expected to have an impact on the operation of the Company Transmission System and Company's other systems: (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives, including those of NERC and FRCC; (4) in accordance with all Laws and Permits; and (5) in accordance with the provisions of this Agreement.

5.3 Access Rights. The Parties shall provide each other such easements and/or access rights as may be necessary for either Party's performance of their respective maintenance obligations under this Agreement; provided that, notwithstanding anything stated herein, a Party performing maintenance work within the boundaries of the other Party's facilities must abide by the rules applicable to that site.

5.4 Maintenance Expenses. TELOGIA POWER shall be responsible for all expenses associated with: (1) maintaining, repairing, and replacing its own property, equipment, facilities, and appurtenances on its side of the Points of Interconnection, and; (2) maintaining, repairing, and replacing its Interconnection Facilities. The Company shall be responsible for all expenses associated with: (1) maintaining Company's property, equipment, facilities, and appurtenances as discussed in this Agreement made necessary to accommodate this interconnection.

5.5 Coordination. The Parties shall confer regularly to coordinate the planning and scheduling of preventive and corrective maintenance. Each Party shall conduct preventive and corrective maintenance activities as planned and scheduled in accordance with this Article 5.

5.6 Inspections and Testing. Each Party shall perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure the continued interconnection of the Facility with the Company Transmission System in a safe and reliable manner.

5.7 Right to Observe Testing. Each Party shall, at its own expense, have the right to observe the testing of any of the other Party's facilities and equipment whose performance may reasonably be expected to affect the reliability of the observing Party's facilities and equipment.

Each Party shall notify the other Party in advance of its performance of tests of its facilities and equipment and the other Party may have a representative attend and be present during such testing.

5.8 Cooperation. Each Party shall cooperate with the other in the inspection, maintenance, and testing of those Secondary Systems directly affecting the operation of a Party's facilities and equipment which may reasonably be expected to impact the other Party. Each Party will provide advance notice to the other Party before undertaking any work in these areas, especially in electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.

5.9 Observation of Deficiencies. If a Party observes any material deficiencies or defects on, or becomes aware of a lack of scheduled maintenance and testing with respect to, the other Party's facilities and equipment, the observing Party shall provide notice to the other Party that is prompt under the circumstance, and the other Party shall make any corrections required in accordance with Good Utility Practice.

ARTICLE 6 EMERGENCIES

6.1 Obligations. Each Party agrees to comply with NERC and FRCC Emergency procedures, as applicable, with respect to Emergencies.

6.2 Notice. The Company shall provide TELOGIA POWER with oral notification that is prompt under the circumstances of an Emergency that may reasonably be expected to affect TELOGIA POWER's operation of the Facility or the Joint Use Facilities, to the extent the Company is aware of the Emergency. TELOGIA POWER shall provide the Company with oral

notification that is prompt under the circumstances of an Emergency which may reasonably be expected to affect the Company Transmission System or the Joint Use Facilities, to the extent TELOGIA POWER is aware of the Emergency. To the extent the Party becoming aware of an Emergency is aware of the facts of the Emergency, such notification shall describe the Emergency, the extent of the damage or deficiency, its anticipated duration, and the corrective action taken and/or to be taken, and shall be followed as soon as practicable with written notice.

6.3 Immediate Action. In the event of an Emergency, the Party becoming aware of the Emergency may, in accordance with Good Utility Practice and using its reasonable judgement, take such action as is reasonable and necessary to prevent, avoid, or mitigate injury, danger, and loss. With the exception of Joint Use Facilities, in the event TELOGIA POWER has identified an Emergency involving the Company Transmission System, TELOGIA POWER shall obtain the consent of Company personnel prior to manually performing any switching operations unless, in TELOGIA POWER's reasonable judgment, immediate action is required.

6.4 Company Authority. The Company may, consistent with Good Utility Practice, take whatever actions or inactions with regard to the Company Transmission System the Company deems necessary during an Emergency in order to: (1) preserve public health and safety; (2) preserve the reliability of the Company Transmission System; (3) limit or prevent damage to the Company Transmission System and the Interconnection Facilities on the Company's side of the Point of Interconnection; and (4) expedite restoration of service. The Company shall use reasonable efforts to minimize the effect of such actions or inactions on the Facility.

6.5 TELOGIA POWER Authority. TELOGIA POWER may, consistent with Good Utility Practice, take whatever actions or inactions with regard to the Facility TELOGIA POWER deems necessary during an Emergency in order to: (1) preserve public health and safety; (2) preserve the reliability of the Facility; (3) limit or prevent damage to the Facility or any other property on TELOGIA POWER's side of the Points of Interconnection; and (4) expedite restoration of service. TELOGIA POWER shall use reasonable efforts to minimize the effect of such actions or inactions on the Company Transmission System.

6.6 Audit Rights. Each Party shall keep and maintain a record of actions taken during an Emergency that may reasonably be expected to impact the other Party's facilities and make such records available for third party independent audit upon the request and expense of the Party affected by such action. Any such request for an audit must be made no later than twelve (12) months following the action taken.

ARTICLE 7 SAFETY

7.1 General. The Company and TELOGIA POWER agree that all work performed by either Party that may reasonably be expected to affect the other Party shall be performed in accordance with Good Utility Practice and all applicable Laws, Permits, and other requirements pertaining to the safety of persons or property. A Party performing work within the boundaries of the other Party's facilities must abide by the safety rules applicable to the site.

7.2 Environmental Releases. Each Party shall notify the other Party, first orally and then in writing, of the release of any Hazardous Substances, or any remediation activities, which may reasonably be expected to affect the other Party, as soon as possible but not later than

twenty-four (24) hours after the Party becomes aware of the occurrence, and shall promptly furnish to the other Party copies of any reports filed with any governmental agencies addressing such events.

ARTICLE 8 MODIFICATIONS AND CONSTRUCTION

8.1 Modifications.

8.1.1 General. N/A Existing Facility.

8.2 Construction.

8.2.1 Land Rights. N/A Existing Facility.

8.2.2 Facility and Equipment Design and Construction. N/A Existing Facility.

8.3 Drawings. Subject to the requirements of Article 19, upon completion of any construction or modification to TELOGIA POWER's facilities and equipment that may reasonably be expected to affect the Company Transmission System, but not later than ninety (90) days thereafter, TELOGIA POWER shall issue "as built" drawings to Company, unless the Parties reasonably agree that such drawings are not necessary.

ARTICLE 9 METERING & COMMUNICATIONS

9.1 General. Company shall provide, install, own and maintain Metering Equipment necessary to meet its obligations under this Agreement. If necessary, Metering Equipment shall be either located or adjusted, at Company's option, in such manner to account for any

transformation or interconnection losses between the location of the meter and the Points of Interconnection. Metering quantities, in analog and/or digital form, shall be provided to TELOGIA POWER upon request. All reasonable costs associated with the administration of Metering Equipment and the provision of metering data to TELOGIA POWER shall be borne by TELOGIA POWER. The costs of administration and of providing metering data shall be separately itemized on Company's invoice to TELOGIA POWER. All reasonable costs associated with either the initial installation of metering, as more fully described in Appendix B, or any changes to Metering Equipment requested by TELOGIA POWER, shall be borne by TELOGIA POWER.

9.2 Testing of Metering Equipment. Company shall inspect and test all Company-owned Metering Equipment upon installation and at least once every two years thereafter. If requested to do so by TELOGIA POWER, Company shall inspect or test Metering Equipment more frequently than every two years, at the expense of TELOGIA POWER. Company shall give reasonable notice of the time when any inspection or test shall take place, and TELOGIA POWER may have representatives present at the test or inspection. If Metering Equipment is found to be inaccurate or defective, Company shall adjust, repair or replace such equipment in order to provide accurate metering. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than two percent (2%) from the measurement made by the standard meter used in the test, the Company shall adjust to make correct all measurements made by the inaccurate meter for:

a) the actual period during which inaccurate measurements were made, if the period can be determined, or if not,

b) the period immediately preceding the test of the Metering Equipment equal to one-half the time from the date of the last previous test of the Metering Equipment; provided that the period covered by the correction shall not exceed six months.

9.3 Metering Data. Unless the Parties have not made other arrangements, if hourly and/or daily energy readings are available and if such data are requested by Company, TELOGIA POWER shall report same to Company's representatives as designated pursuant to Article 22, by telephone or electronically or as the Parties otherwise agree, on a schedule to be agreed upon.

At TELOGIA POWER's expense, TELOGIA POWER's metered data shall be telemetered to a location designated by Company and one or more locations designated by TELOGIA POWER.

9.4 Communications.

9.4.1 At TELOGIA POWER's expense, TELOGIA POWER shall maintain satisfactory operating communications with Company's system dispatcher or representative, as designated by Company. TELOGIA POWER will provide standard voice and facsimile communications at its Facility control room through use of the public telephone system. TELOGIA POWER will also provide a data circuit (or circuits) as specified in Appendix G. The data circuit(s) shall extend from TELOGIA POWER's Facility to the Company's facilities at the Point of Interconnection. Any required maintenance of such communications equipment shall be performed by Company. Operational communications shall be activated and maintained under, but not limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

9.4.2 A Remote Terminal Unit (“RTU”) or equivalent data collection and transfer equipment acceptable to both Parties shall be installed to gather accumulated and instantaneous data to be telemetered to a location(s) designated by Company through use of a dedicated point-to-point data circuit(s) as indicated in Appendix G. TELOGIA POWER shall install such equipment on its side of the Point of Interconnection as soon as practicable, provided that installation shall be accomplished within a time period of no more than 180 days following notice by Company and prior to initial operation of the Interconnection Facilities. The communication protocol for this data circuit(s) will be specified by Company. Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by Company.

ARTICLE 10 FORCE MAJEURE

10.1 Neither Party shall be liable to the other Party for any delay or non-performance resulting from a Force Majeure. The settlement of strikes and lockouts shall be wholly within the discretion of the Party having the difficulty and nothing in this Agreement shall be construed to coerce the Party experiencing the labor trouble to settle on terms less favorable to such Party.

If the performance of this Agreement is delayed, prevented, restricted or interfered with by reason of any Force Majeure, the Party whose performance is delayed or prevented, restricted or interfered with shall give written notice to the other Party within five (5) days of the event. Upon complying with said notice requirements, the Party experiencing the Force Majeure shall be excused from performance to the extent delayed or prevented. The Party whose performance is prevented or delayed shall take reasonable steps to avoid or remove such causes of non-

performance and shall continue performance whenever and to the extent such causes are removed.

In the event that the Party awaiting performance obtains cover or substitute services for performance of the obligations of this Agreement affected by the Force Majeure, the Party whose performance is delayed shall not be responsible for any costs or liability related to or incurred for any such cover or substitute services or performance.

ARTICLE 11

INFORMATION REPORTING

11.1 Information Reporting Obligations. Each Party shall, in accordance with Good Utility Practice, promptly provide to the other Party all relevant information, documents, or data regarding the Party's facilities and equipment which may reasonably be expected to pertain to the reliability of the other Party's facilities and equipment and which has been reasonably requested by the other Party.

ARTICLE 12

PAYMENTS AND BILLING PROCEDURES

12.1 General. Upon execution of this Agreement, the Company will determine and deliver to TELOGIA POWER a payment schedule which approximates the timing and amount of estimated design, material acquisition and construction costs of these Interconnection Facilities, System Upgrades and metering to be installed per this Agreement if any.

12.2 Invoice. Each invoice shall delineate the month in which the services were provided, shall fully describe the services rendered, and shall be itemized to reflect the services performed or provided.

12.3 Payment. The invoice shall be paid within thirty (30) calendar days of receipt. All payments shall be made in immediately-available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party.

12.4 Disputes. Disputed amounts shall be paid on or before the invoice payment due date. In the event the dispute is resolved in favor of the Party disputing payment, the Party required to pay back disputed amounts shall, within thirty (30) days of resolution of the dispute, make payment with interest as calculated in accordance with Section 12.6.

12.5 Waiver. Payment of an invoice shall not relieve the paying Party from any other responsibilities or obligations it has under this Agreement, nor shall such payment constitute a waiver of any claims arising hereunder.

12.6 Interest On Unpaid Balances. Interest on any unpaid amounts, including disputed amounts, shall be calculated using an interest rate equal to the "Prime Rate" for domestic banks, as published in The Wall Street Journal (Northeast edition) in the "Money Rates" section, in effect on the date payment is due, plus one percent (1%) per annum, not to exceed the maximum rate allowed by applicable law. Interest on unpaid amounts shall be calculated from the due date of the invoice to the date of payment. When payments are made by mail, invoices shall be considered as having been paid on the date of receipt by the other Party.

12.7 Payment During Dispute. In the event of a billing dispute between the Company and TELOGIA POWER, each Party shall continue to provide services and pay all invoices.

12.8 Collection Expenses. Neither Party shall be responsible for the other Party's costs of collecting amounts due under this Agreement, including attorney fees and expenses and the expenses of mediation.

ARTICLE 13 ASSIGNMENT

13.1 Neither Party shall voluntarily assign its rights nor delegate its duties under this Agreement, or any part of such rights or duties, without the prior written consent of the other Party, which consent shall not be unreasonably withheld, except in connection with the sale, merger, or transfer of a substantial portion of its properties (or in case of Company, its transmission facilities) including the Interconnection Facilities which it owns so long as the assignee in such a sale, merger, or transfer assumes directly all rights, duties, and obligations arising under this Agreement and such assignor shall be, without further action, released from its obligation hereunder. Any such assignment or delegation made without such prior written consent shall be null and void. In addition, Company shall be entitled to assign the Agreement to any wholly-owned direct or indirect subsidiary of Company or to any RTO approved by the FERC or its successor regulatory agency.

13.2 Notwithstanding the foregoing, TELOGIA POWER may assign this Agreement (and shall be, without further action, released from obligation hereunder) without Company's prior consent to any future owner of the Facility. In addition and notwithstanding the foregoing,

TELOGIA POWER or its assignee may assign this Agreement to the persons, entities or institutions providing financing or refinancing for the development, design, construction or operation of the Facility and if TELOGIA POWER provides notice thereof to Company, Company shall provide notice and reasonable opportunity for such lenders to cure any default under this Agreement. Company shall, if requested by such lenders, execute its standard documents and certificates as may be requested with respect to the assignment and status of this Agreement, provided such documents do not change the rights of Company under this Agreement except with respect to providing notice and reasonable opportunity to cure. In the event of any foreclosure by such lenders, the purchasers at such foreclosure or any subsequent purchaser, shall upon request, be entitled to the rights and benefits of (and be bound by) this Agreement so long as it is an entity entitled to interconnect with the Company Transmission System.

ARTICLE 14 INSURANCE

14.1 Without limiting any obligations or liabilities under this Agreement, TELOGIA POWER shall, at its expense, provide and maintain in effect for the life of this Agreement, minimum insurance coverage (in any combination of primary and excess layers), as follows:

14.1.1 Worker's Compensation Insurance in accordance with all applicable state and federal laws, including Employer's Liability Insurance in the amount of \$1,000,000 per accident. Policy shall be endorsed to include a Waiver of Subrogation in favor of Company and its affiliated and associated companies.

14.1.2 Commercial General Liability Insurance, including Contractual Liability Coverage for liabilities assumed under this Agreement, and Personal Injury Coverage in the amount of \$15,000,000 per occurrence for Bodily Injury and Property Damage. Policy shall be endorsed (substantially in the form shown in Appendix C) to include Company and its affiliated and associated companies as Additional Insureds, but only to the extent of TELOGIA POWER's indemnity obligations to Company under this agreement.

14.2 TELOGIA POWER, at its option, may self-insure all or part of the insurances required in this Article; provided, however, TELOGIA POWER agrees that all other provisions of this Article, including, but not limited to, waiver of subrogation, waiver of rights of recourse, and additional insured status, which provide or are intended to provide protection for Company and its affiliated and associated companies under this Agreement, shall remain enforceable. TELOGIA POWER's election to self-insure shall not impair, limit, or in any manner result in a reduction of rights and/or benefits otherwise available to Company and its affiliated and associated companies through formal insurance policies and endorsements as specified in the above paragraphs of this Article. TELOGIA POWER further agrees that all amounts of self-insurance, retentions and/or deductibles are the responsibility of and shall be borne by TELOGIA POWER.

14.3 Without limiting any obligations or liabilities under this Agreement, Company shall, at its expense, provide and maintain in effect for the life of this Agreement, minimum insurance coverage (in any combination of primary and excess layers), as follows:

14.3.1 Worker's Compensation Insurance in accordance with all applicable state, federal, and maritime laws, including Employer's Liability Insurance in the amount of

\$1,000,000 per accident. Policy shall be endorsed to include a Waiver of Subrogation in favor of TELOGIA POWER and its affiliated and associated companies.

14.3.2 Commercial General Liability Insurance, including Contractual Liability Coverage for liabilities assumed under this Agreement, and Personal Injury Coverage in the amount of \$25,000,000 per occurrence for Bodily Injury and Property Damage. Policy shall be endorsed (substantially in the form shown in Appendix C) to include TELOGIA POWER and its affiliated and associated companies as Additional Insureds, but only to the extent of Company's indemnity obligations to TELOGIA POWER under this agreement.

14.4 Company, at its option, may self-insure all or part of the insurances required in this Article; provided, however, Company agrees that all other provisions of this Article, including, but not limited to, waiver of subrogation, waiver of rights of recourse, and additional insured status, which provide or are intended to provide protection for TELOGIA POWER and its affiliated and associated companies under this Agreement, shall remain enforceable. Company's election to self-insure shall not impair, limit, or in any manner result in a reduction of rights and/or benefits otherwise available to TELOGIA POWER and its affiliated and associated companies through formal insurance policies and endorsements as specified in the above paragraphs of this Article. Company further agrees that all amounts of self-insurance, retentions and/or deductibles are the responsibility of and shall be borne by the Company.

14.5 All policies of insurance shall provide for 30 days prior written notice of cancellation, or material adverse change. Prior to the date the Facility is first operated in parallel with Company Transmission System and annually thereafter during the term of this Agreement, Certificates of Insurance shall be furnished by TELOGIA POWER to Company.

ARTICLE 15 INDEMNITY

15.1 Subject to Section 15.3, TELOGIA POWER agrees, to the extent permitted under governing law, to fully indemnify and hold Company, its shareholders, directors, partners, stakeholders, officers, managers, employees, agents, representatives, servants, its affiliated and associated companies, their respective shareholders, directors, partners, stakeholders, officers, managers, employees, agents, representatives, servants, and/or their assigns, harmless from and against any and all claims, demands, liability, losses, damage, costs or expenses (including reasonable attorneys' fees and other costs of defense), including, but not limited to, claims, demands and/or liability for personal injury to (including death of) any person whomever (including payments and awards made to TELOGIA POWER's employees or other under any workers' compensation law or under any plan for employees' disability and death benefits) and for damage to any property whatsoever (including the Facility and the Company Transmission System) directly arising out of or directly resulting from the construction, use, ownership, maintenance, or operation of the Facility or TELOGIA POWER's Interconnection Facilities, regardless of whether such claims, demands or liability are alleged to have been caused by negligence or to have arisen out of Company's status as the owner or operator of facilities involved; provided, however that the provisions of this Section 15.1 shall not apply to the extent such personal injury or property damage is held to have been caused by the negligence or intentional wrongdoing of Company, its agents or employees.

15.2 Subject to Section 15.3, Company agrees to fully indemnify and hold TELOGIA POWER, its shareholders, directors, partners, stakeholders, officers, managers, employees,

agents, representatives, servants, its affiliated and associated companies, their respective shareholders, directors, partners, stakeholders, officers, managers, employees, agents, representatives, servants, and/or their assigns, harmless from and against any and all claims, demands, liability, losses, damage, costs or expenses (including reasonable attorneys' fees and other costs of defense), including, but not limited to, claims, demands and/or liability for personal injury to (including death of) any person whomever (including payments and awards made to Company's employees or other under any workers' compensation law or under any plan for employees' disability and death benefits) and for damage to any property whatsoever (including the Facility and the Company Transmission System) directly arising out of or directly resulting from the use, ownership, maintenance, or operation of Company's Transmission System, regardless of whether such claims, demands or liability are alleged to have been caused by negligence or to have arisen out of TELOGIA POWER's status as the owner or operator of facilities involved; provided, however, that the provisions of this Section 15.2 shall not apply to the extent such personal injury or property damage is held to have been caused by the negligence or intentional wrongdoing of TELOGIA POWER, its agents or employees.

15.3 Neither Party shall be liable in statute, contract, in tort (including negligence), strict liability, or otherwise to the other Party, its agents, representatives, its affiliated and associated companies, and/or its assigns, for any incidental, consequential, indirect, exemplary, punitive, or multiple loss or damage whatsoever, including, but not limited to, loss of profits or revenue on work not performed, for loss of use of or under-utilization of the other Party's facilities, or loss of use of revenues, or loss of anticipated profits, resulting from either Party's performance or non-performance of an obligation imposed on it by this Agreement.

ARTICLE 16
BREACH, CURE AND DEFAULT

16.1 General. A breach of this Agreement (“Breach”) shall occur upon the failure by a Party to perform or observe any material term or condition of this Agreement. A default of this Agreement (“Default”) shall occur upon the failure of a Party in Breach of this Agreement to cure such Breach in accordance with the provisions of Section 16.4.

16.2 Events of Breach. A Breach of this Agreement shall include:

- a) The failure to pay any amount when due;
- b) The failure to comply with any material term or condition of this Agreement, including but not limited to any material Breach of a representation, warranty or covenant made in this Agreement;
- c) If a Party: (1) becomes insolvent; (2) files a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or shall consent to the filing of any bankruptcy or reorganization petition against it under any similar law; (3) makes a general assignment for the benefit of its creditors; or (4) consents to the appointment of a receiver, trustee or liquidator;
- d) Assignment of this Agreement in a manner inconsistent with the terms of this Agreement;
- e) Failure of either Party to provide such access rights, or a Party’s attempt to revoke or terminate such rights as provided under this Agreement; or

f) Failure of either Party to provide information or data to the other Party as required under this Agreement, provided the Party entitled to the information or data under this Agreement requires such information or data to satisfy its obligations under this Agreement.

g) Failure of TELOGIA POWER to maintain control of generation site.

16.3 Continued Operation. In the event of a Breach or Default by either Party, the Parties shall continue to operate and maintain, as applicable, such DC power systems, protection and Metering Equipment, telemetering equipment, SCADA equipment, transformers, secondary systems, communications equipment, building facilities, software, documentation, structural components, and other facilities and appurtenances that are reasonably necessary for the Company to operate and maintain the Company Transmission System, or for TELOGIA POWER to operate and maintain the Facility, in a safe and reliable manner.

16.4 Cure and Default. Upon the occurrence of an event of Breach, the Party not in Breach (hereinafter the “Non-Breaching Party”), when it becomes aware of the Breach, shall give written notice of the Breach to the Breaching Party (the “Breaching Party”) and to any other person a Party to this Agreement identifies in writing to the other Party in advance. Such notice shall set forth, in reasonable detail, the nature of the Breach, and where known and applicable, the steps necessary to cure such Breach. Upon receiving written notice of the Breach hereunder, the Breaching Party shall have thirty (30) days to cure such Breach. If the Breach is such that it cannot be cured within thirty (30) days, the Breaching Party will commence in good faith all steps as are reasonable and appropriate to cure the Beach within such thirty (30) day time period and thereafter diligently pursue such action to completion. In the event the Party that committed the Breach fails to cure the Breach within 120 days of the date on which notice of the Breach

was sent, or within other mutually agreed upon time, or to commence reasonable and appropriate steps to cure the Breach within thirty (30) days of the date on which notice of the Breach was sent, the Party that committed the Breach will be in Default of the Agreement.

16.5 Right to Compel Performance. Notwithstanding the foregoing, upon the occurrence of an event of Default, the non-Defaulting Party shall be entitled to: (1) commence an action to require the Defaulting Party to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof, and (2) exercise such other rights and remedies as it may have in equity or at law.

ARTICLE 17 TERMINATION OF INTERCONNECTION SERVICE

17.1 Expiration of Term. Except as otherwise specified in this Article 17, Interconnection Service for the Facility terminates at the conclusion of the Term of this Agreement stated in Article 2 of this Agreement.

17.2 Termination. A Party may terminate this Agreement upon the Default of other Party. Subject to the limitations set forth in Section 17.3, in the event of a Default, a non-Defaulting Party may terminate this Agreement only upon the later of:

- a) Its giving of written notice of termination to the other Party.

17.3 Survival of Rights. Termination of this Agreement shall not relieve either Party of any of its liabilities and obligations arising hereunder prior to the date termination becomes effective, and each Party may take whatever judicial or administrative actions as appear necessary or desirable to enforce its rights hereunder.

ARTICLE 18

SUBCONTRACTOR

18.1 General. Nothing in this Agreement shall prevent a Party from utilizing the services of such subcontractors as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

18.2 Responsibility of Principal. The creation of any subcontract relationship shall be not relieve the hiring Party of any of its obligations under this Agreement. Each Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor it hires as if no subcontract had been made. Any applicable obligation imposed by this Agreement upon a Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

18.3 No Third Party Beneficiary. Except as may be specifically set forth to the contrary herein, no subcontractor or any other party is intended to be, nor will it be deemed to be, a third-party beneficiary of this Agreement.

18.4 No Limitation by Insurance. The obligations under this Article 18 will not be limited in any way by any limitation of subcontractor's insurance.

ARTICLE 19 CONFIDENTIALITY

19.1 Term. During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Article

19, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

19.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (2) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party, after due inquiry, was under no obligation to the other Party to keep such information confidential; (3) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (4) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or breach of this Agreement; or (5) is required, in accordance with Section 19.7 of this Agreement, to be disclosed by any federal, state, or local government or agency or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this Agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

19.3 Release of Confidential Information. Neither Party shall release or disclose Confidential Information to any other person, except to its employees, its consultants, or parties who may be considering or are providing financing to or equity participation with TELOGIA POWER, on a need-to-know basis in connection with this Agreement, unless such person has first been advised of the confidentiality provisions of this Article 19 and has agreed to comply with, or is under an obligation of confidentiality with respect to, such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall

remain primarily responsible for any release of Confidential Information in contravention of this Article 19.

19.4 Rights. Each Party retains all rights, title, and interest in Confidential Information that it discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

19.5 No Warranties. By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

19.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as that it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this Agreement or applicable Law.

19.7 Order of Disclosure. If a court or a government agency or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement.

Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

19.8 Termination of Agreement. Upon termination of this Agreement for any reason, each Party shall, unless otherwise required under applicable law, within ten (10) days of receipt of a written request from the other Party, use reasonable efforts to destroy, erase, or delete (with such destruction, erasure and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party other than the Agreement itself.

19.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Article 19. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 19, which equitable relief shall be granted with bond or proof of damages, and such remedy shall not be deemed to be an exclusive remedy for the Breach of this Article, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, consequential, punitive, or multiple damages of any nature or kind resulting from or arising in connection with this Article 19.

**ARTICLE 20
AUDIT RIGHTS**

20.1 Subject to the requirements of confidentiality under Article 19 and any other provision of the Agreement, either Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit the other Party's accounts and records pertaining to either Party's performance and/or satisfaction of obligations arising under this Agreement. Said audit shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to obligations under this Agreement.

**ARTICLE 21
DISPUTES**

The Parties shall settle any dispute arising out of or relating to this Agreement through the step negotiation and non-binding mediation set forth herein prior to the initiation of any litigation. Good faith participation in these procedures shall be a condition precedent to any litigation. All negotiations pursuant to this Article shall be confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and State Rules of Evidence.

All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in this Article are pending. The Parties shall take such action, if any, required to effectuate such tolling.

Either Party may give the other Party written notice of any dispute not resolved in the normal course of business. Executives of both Parties shall meet at a mutually acceptable time and place within ten (10) days after delivery of such notice and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved by these persons within thirty (30) days of the disputing Party's notice, or if the Parties fail to meet within ten (10) days, either Party may initiate mediation as provided hereinafter. The mediation proceeding shall be conducted in accordance with the then current Center for Public Resources ("CPR") Model Procedure for Mediation of Business Dispute or other mutually agreed upon procedures, with the following exceptions: (1) if the Parties have agreed to pursue mediation but have not agreed within thirty (30) days of the request for mediation on the selection of a mediator willing to serve, the CPR, upon the request of either Party, shall appoint a member of the CPR Panel of Neutrals as the mediator; and (2) efforts to reach a settlement shall continue until the conclusion of the proceeding, which is deemed to occur when: a) a written settlement is reached, or b) the mediator concludes and informs the Parties in writing that further efforts would not be useful, or c) the Parties agree in writing that an impasse has been reached. Neither Party may withdraw before the conclusion of the proceeding.

If the Parties are unable to resolve the disputes and litigation proves necessary, either Party may initiate such litigation.

ARTICLE 22 NOTICES

Any notice, demand or request required or authorized by this Agreement shall be deemed properly given if mailed to the Party, at the address set out below:

To Company:

Progress Energy Florida, Inc.
6565 38th Avenue North
St. Petersburg, FL 33710
Attention: Manager, Transmission Services

To TELOGIA POWER C/O:

Hugh Ewing
Ewing Bemiss & Co.
Riverfront Plaza, West Tower
901 East Byrd Street, Suite 1650
Richmond, Virginia 23219
Phone: (804) 780-1911
Fax: (804) 780-1901
E-mail: h.ewing@ewingbemiss.com

ARTICLE 23 MISCELLANEOUS

23.1 Waiver. Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matters arising in connection with this Agreement, shall not be deemed a waiver or continuing waiver with respect to any subsequent default or other matter.

23.2 Governing Law. The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the applicable laws of the State of Florida without regard to the conflicts of law provisions. The Parties expressly relinquish and waive their rights to a trial by jury in any action brought hereunder.

23.3 Heading Not To Affect Meaning. The descriptive headings of the various Sections and Articles of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms and provisions hereof.

23.4 Amendments. This Agreement may be amended by and only by a written instrument duly executed by both of the Parties hereto. Notwithstanding the foregoing, nothing contained herein shall be construed as affecting in any way the right of the Company or TELOGIA POWER to unilaterally make application to FERC for a change in rates, terms or conditions of service under Sections 205 and 206 of the Federal Power Act and pursuant to FERC's Rules and Regulations promulgated thereunder. The Company reserves the right to file rate schedules with FERC concerning any services the Company deems necessary for reliable and orderly bulk power system management, including but not limited to any standby or related services that may arise from a failure by TELOGIA POWER to meet its schedule of deliveries across the facilities covered by this Agreement.

23.5 Entire Agreement. This Agreement constitutes the entire agreement between the Parties hereto with reference to the subject matter hereof and no change or modification as to any of the provisions hereof shall be binding on either Party unless reduced to writing and approved by the duly authorized officer, or agent of TELOGIA POWER and the President or a Vice President of the Company. The terms and conditions of this Agreement and every Appendix referred to shall be amended, as mutually agreed to by the Parties, to comply with changes or alterations made necessary by a valid applicable order of any governmental regulatory authority, or any court, having jurisdiction hereof.

23.6 Binding Effect. This Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

23.7 Conflicts. In the event of a conflict between the body of this Agreement and any attachment, appendix or exhibit hereto, the terms and provisions of the body of this Agreement shall prevail and be deemed to be the final intent of the Parties.

23.8 Acknowledgment. Both Parties acknowledge that they have each provided equal effort in the preparation of the Agreement and that they should not, therefore, be construed more strongly in favor of or against either Party.

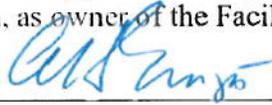
[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their duly authorized officers on the day and year first written above.

WITNESSES:




Telogia Power LLC, a limited liability company organized and existing under the laws of the State of Delaware, as successor by deed to Timber Energy Resources, Inc., a Texas corporation, as owner of the Facility

By:  _____

Name: A. Hugh Ewing, III

Title: President

WITNESSES:

Florida Power Corporation d/b/a

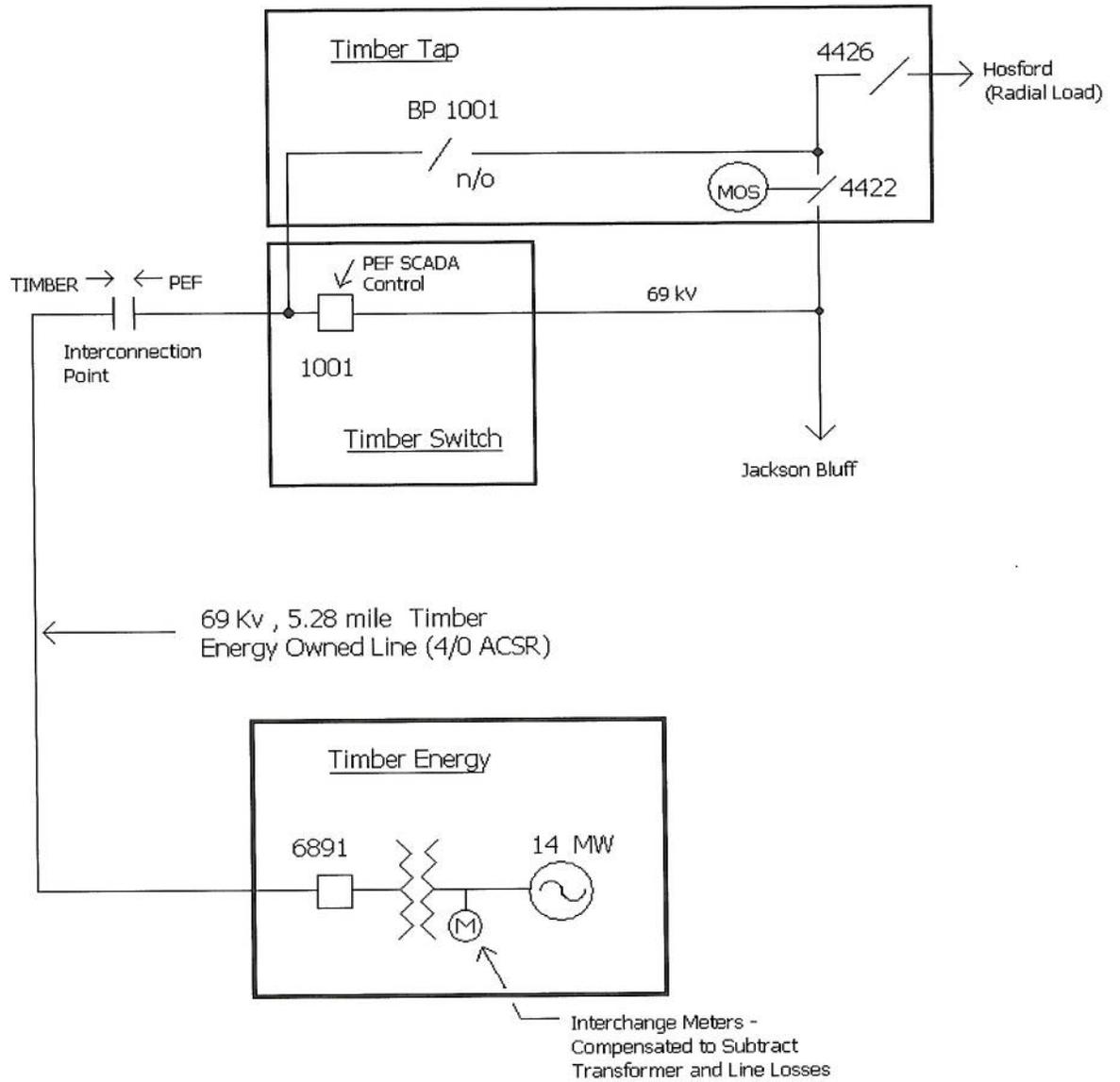
PROGRESS ENERGY FLORIDA, INC.

By:  _____

Title: DIRECTOR - Energy Control

APPENDIX A

INTERIM INTERCONNECTION AND TEST OPERATING AGREEMENT BETWEEN
PROGRESS ENERGY FLORIDA
AND
TELOGIA POWER, INC.



APPENDIX B CHARGES

Charges

Telogia Power shall be billed monthly for the costs associated with the operation, maintenance, and repair of the Interconnection Facilities. Such charge will be \$1,470.26/month.