

Exhibit No.:  
Issue: Overview, Public Interest, and Affiliate  
Transactions Rule  
Witness: Darrin R. Ives  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Kansas City Power & Light Company and  
KCP&L Greater Missouri Operations Company  
Case No.: EO-2012-0367  
Date Testimony Prepared: August 31, 2012

Filed  
April 29, 2013  
Data Center  
Missouri Public  
Service Commission

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: EO-2012-0367**

**DIRECT TESTIMONY**

**OF**

**DARRIN R. IVES**

**ON BEHALF OF**

**KANSAS CITY POWER & LIGHT COMPANY  
AND  
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri  
August 2012**

**Exhibit NO. 9  
File NO. EA-2013-0098**

1 **Q: Please state your name and business address.**

2 A: My name is Darrin R. Ives. My business address is 1200 Main Street, Kansas City,  
3 Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L”) as Senior  
6 Director – Regulatory Affairs.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of KCP&L and KCP&L Greater Missouri Operations  
9 Company (“GMO”) (collectively referred to as the “Applicants”). KCP&L and GMO  
10 both are wholly-owned subsidiaries of Great Plains Energy Incorporated (“GPE”).<sup>1</sup>

11 **Q: What are your responsibilities?**

12 A: My responsibilities include oversight of KCP&L’s Regulatory Affairs Department, as  
13 well as all aspects of regulatory activities including cost of service, rate design,  
14 revenue requirements, and tariff administration.

15 **Q: Please describe your education, experience, and employment history.**

16 A: I graduated from Kansas State University in 1992 with a Bachelor of Science degree  
17 in Business Administration with majors in Accounting and Marketing. I received my

---

<sup>1</sup> GPE is a public utility holding company and does not own or operate any significant assets other than the stock of its operating subsidiaries KCP&L and GMO. KCP&L, through its employees and resources, is currently taking steps to move forward on the Projects, addressed in this testimony, on behalf of itself, as well as on behalf of GMO, pursuant to the terms and conditions set forth in the October 10, 2008 Joint Operating Agreement between KCP&L and GMO. Subsequent references in this testimony to GMO’s responsibilities with respect to the Projects are made in this context.

1 Master of Business Administration degree from the University of Missouri-Kansas  
2 City in 2001. I am a Certified Public Accountant. From 1992 to 1996, I performed  
3 audit services for the public accounting firm Coopers & Lybrand L.L.P. I have been  
4 employed by KCP&L since 1996 and held positions of progressive responsibility in  
5 Accounting Services until named Assistant Controller in 2007. I served as Assistant  
6 Controller until I was named Senior Director – Regulatory Affairs in April 2011.

7 **Q: Have you previously testified in a proceeding before the Missouri Public Service**  
8 **Commission (“Commission”)?**

9 A: Yes, I have testified before the Commission in the Applicants’ recent general rate  
10 cases: Cases No. ER-2009-0089, ER-2009-0090, HR-2009-0092, ER-2010-0355 and  
11 ER-2010-0356. Also, I have filed testimony in the Applicants’ current general rate  
12 cases: Cases No. ER-2012-0174 and ER-2012-0175.

13 **Q: What is the purpose of your testimony?**

14 A: *First*, I will provide an overview explaining (i) why the Applicants and their parent  
15 corporation—GPE—adopted a new approach for building and owning regional  
16 transmission facilities by creating Transource Energy, LLC (“Transource”) with  
17 American Electric Power Company, Inc. (“AEP”); and (ii) why the Applicants seek to  
18 novate responsibility for constructing the Missouri portion of two regional, high-  
19 voltage, wholesale transmission projects approved by the Southwest Power Pool, Inc.  
20 (“SPP”), the 345kV Iatan-Nashua Project and the 345kV Sibley-Nebraska City  
21 Project (collectively, the “Projects”), to a wholly-owned subsidiary of Transource  
22 known as Transource Missouri, LLC (“Transource Missouri”). Additionally, in my  
23 overview I will summarize the regulatory filings being made to establish Transource

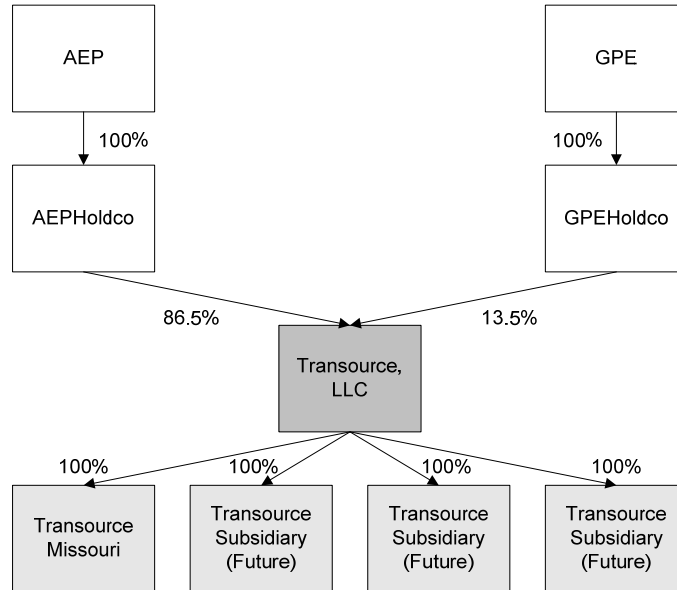
1 Missouri’s ability to construct, finance, own, operate, and maintain the Projects.  
2 *Second*, I will describe the contractual arrangements that allow KCP&L and  
3 American Electric Power Service Corporation (“AEPSC”) to provide staffing and  
4 services to Transource to carry out the business initiatives of Transource and  
5 Transource Missouri. *Third*, I will explain why the Applicants’ proposal to transfer  
6 property to Transource Missouri is not detrimental to the public interest. *Fourth*, I  
7 will provide an overview of the novation process as set forth in SPP’s business  
8 practices and as permitted under the SPP Open Access Transmission Tariff (“SPP  
9 Tariff”). *Finally*, I will explain why the Commission should grant the Applicants a  
10 waiver of, or variance from, the Affiliate Transactions Rule, 4 C.S.R. 240-20.015.

11 **I. OVERVIEW**

12 **Q: What is Transource?**

13 A: Transource is a joint venture of AEP and GPE. Transource was established as a  
14 holding company to develop, acquire, construct, finance, own, operate, and maintain  
15 regional electric transmission projects through its subsidiary Transource Missouri and  
16 other future, state-specific utility subsidiaries. Transource will initially focus its  
17 business in the SPP, Midwest Independent Transmission System Operator, Inc.  
18 (“MISO”), and PJM Interconnection, L.L.C. (“PJM”) regions. Transource has two  
19 owners: (a) AEP Transmission Holding Company, LLC (“AEPHoldCo”), a wholly-  
20 owned subsidiary of AEP, which owns 86.5% of Transource; and (b) GPE  
21 Transmission Holding Company, LLC (“GPEHoldCo”), a wholly-owned subsidiary  
22 of GPE, which owns 13.5% of Transource. The corporate structure of Transource is  
23 shown in Figure 1.

**Figure 1: Transource Corporate Structure**



1 **Q: What is Transource Missouri?**

2 A: Transource Missouri is a wholly-owned subsidiary of Transource that has been  
3 established to construct, finance, own, operate, and maintain regional transmission  
4 facilities in Missouri. Concurrent with this filing, Transource Missouri is filing with  
5 this Commission for a line certificate of convenience and necessity (“CCN”) and its  
6 wholesale transmission rates will be regulated by the Federal Energy Regulatory  
7 Commission (“FERC”) upon receipt of the necessary regulatory approvals.

8 **Q: Why did AEP and GPE form Transource?**

9 A: Transource is a superior approach for immediate and long-term participation in the  
10 business of developing, constructing, owning, and operating *regional* transmission  
11 facilities for the following reasons:

12 1) Flexibility to Manage Regional Scale and Scope. Regional transmission  
13 projects are typically larger in scale and scope than traditional utility  
14 transmission investments made by local incumbent utilities for serving

1 individual retail service areas. Regional projects are designed to address the  
2 needs of and to provide benefits to a broad regional set of transmission  
3 customers. Accordingly, regional transmission projects tend to be larger in  
4 scope and scale, and require a much greater level of investment by the  
5 traditional integrated utility companies such as KCP&L and GMO. Through  
6 Transource, GPE and its affiliates can more readily participate in these large-  
7 scale regional transmission projects with shared financial, construction, and  
8 operating resources.

9 2) Ability to Address/Manage Competing Capital Needs. As previously noted,  
10 such large scale regional transmission projects typically require significant  
11 new capital investments. For the Applicants, SPP's directives to construct  
12 these Projects come at the same time when significant capital investments are  
13 required for environmental retrofits to existing generation facilities to meet  
14 new emission requirements as well as for new renewable resources needed to  
15 comply with state renewable mandates. Constructing the Projects through  
16 Transource will help GPE levelize the episodic nature of capital investment in  
17 regional transmission projects, which will allow the Applicants to more  
18 effectively manage the significant investments in both the generation and  
19 delivery systems used to serve retail service territories.

20 3) Attracting New and Different Sources of Capital. By focusing solely on  
21 transmission, Transource will provide a separate and transparent business  
22 entity for investment in regional transmission projects. When coupled with  
23 the large-scale nature of these types of projects, this should serve to attract

1 new and different sources of capital to the business—Transource and its  
2 operating subsidiaries—and ultimately bring new investment resources into  
3 the region at competitive rates that are expected to lower transmission costs  
4 for Missouri customers.

5 4) Flexibility to Adapt to Changing Regulatory Environment. New federal rules  
6 have altered who is eligible to build regional transmission projects.  
7 Specifically, FERC Order No. 1000 requires the removal of the federal right  
8 of first refusal (“ROFR”) from regional transmission organization (“RTO”)   
9 tariffs for certain projects. Consequently, utilities are now required to  
10 compete to build new regionally funded transmission projects—even projects  
11 within their retail service territories. New transmission entities will now be  
12 able to compete to construct, finance, own, operate, and maintain regional  
13 transmission projects within a retail utility’s service territory. Transource  
14 creates a platform for the Applicants to compete for regional transmission  
15 projects, including an opportunity to compete to continue to construct,  
16 finance, own, operate, and maintain the transmission system within their  
17 service areas.

18 5) Additional Resources and National Expertise. Transource, through its owners,  
19 provides additional expertise in constructing, financing, owning, operating,  
20 and maintaining large-scale, high-voltage transmission projects. AEP is  
21 considered one of the premier transmission owners and operators in the  
22 United States. Through Transource, there will be synergies and efficiencies  
23 that will provide cost-effective transmission solutions. For example,

1 Transource will be able to rely on AEP's established relationships with critical  
2 suppliers of equipment and structures needed for constructing and operating  
3 high-voltage transmission projects. AEP's national transmission expertise  
4 combined with the Applicants' local knowledge and strengths will provide  
5 Transource with enhanced abilities to design, procure, construct, finance, own,  
6 operate, and maintain new regional transmission projects that will provide  
7 cost-effective transmission solutions for the region and ultimately the  
8 Applicants' retail customers.

9 In sum, Transource provides the Applicants a solid platform for current and  
10 long-term participation in the construction of large-scale regional transmission  
11 facilities. The regional nature of the Projects makes them a good fit to demonstrate  
12 the management and development capabilities of Transource, as well as to establish  
13 the framework in which Transource will develop regional transmission projects in the  
14 new paradigm established by FERC Order No. 1000. Transource provides GPE an  
15 opportunity to participate in future regional transmission projects at a manageable  
16 level of investment with a partner that has a proven ability to construct, finance, own,  
17 operate, and maintain large regional high-voltage transmission facilities throughout  
18 the United States. Additionally, allowing Transource Missouri to construct these  
19 Projects provides the Applicants the financial flexibility to (i) participate in these  
20 large-scale regional projects and (ii) continue their focus on generation, delivery, and  
21 local transmission investment to facilitate the continuation of reliable, low-cost  
22 service to customers.



1 **Q: What are the regulatory changes in the industry that support the formation of a**  
2 **transmission-only company?**

3 A: Historically, vertically integrated utilities, such as KCP&L and GMO, planned their  
4 systems, including transmission facilities, primarily to serve local wholesale and retail  
5 load. Thus, the Applicants' transmission service was designed to serve local  
6 consumption of electricity, and the investment in transmission was made almost  
7 exclusively for wholesale and retail customers within the utility's service territory.  
8 As a result, nearly all transmission investment and operating expenses were allocated  
9 to local retail customers. The revenues and expenses related to limited interchanges  
10 with neighboring systems were treated as credits and debits to the overall cost of  
11 providing utility service.

12 Over time, however, there has been a national shift from local services  
13 provided by an incumbent utility to regional markets for the provision of independent  
14 transmission services. This shift began when Congress enacted the Energy Policy  
15 Act of 1992 and FERC issued its landmark Order No. 888 in 1996, which mandated  
16 non-discriminatory, open access transmission service. Over time, FERC issued  
17 Orders No. 2000, 890, and 1000, all of which have moved the transmission function  
18 from individual utility planning for local needs to regional and inter-regional  
19 planning. The Direct Testimony of Todd E. Fridley describes in greater detail this  
20 evolution in the provision of transmission service, the need to build regional  
21 transmission infrastructure, and the establishment of RTOs like SPP, MISO, and  
22 PJM.

1 Transource and Transource Missouri are the logical next step in the  
2 progression of the Applicants' ability to continue to participate in the construction  
3 and provision of regional transmission services. The estimated \$450M total cost of  
4 the Projects represents a transmission investment that is unprecedented for the  
5 Applicants, who continue to face substantial near-term capital expenditures for  
6 generation and distribution investments. Because the scope and scale of such  
7 regional transmission projects can be large for a local utility, an entity with access to  
8 wider resources and financing opportunities dedicated solely to providing regional  
9 transmission service can provide advantages over a purely local effort. Indicative of  
10 the regional nature of these Projects, approximately 92% of the cost will be allocated  
11 to load outside of the Applicants' Missouri retail service territory.

12 **Q: What are the Applicants requesting in this proceeding?**

13 A: KCP&L and GMO are requesting that the Commission take the following actions:

14 (1) Authorize the transfer of certain electric transmission property from  
15 the Applicants to Transource Missouri under Section 393.190.1;

16 (2) Find that no approval is required under Missouri law to novate the  
17 Notifications to Construct ("NTC") received from SPP regarding the two regionally-  
18 funded, high-voltage transmission Projects, or otherwise to express no objection to or  
19 approve the Applicants' plans in this regard; and

20 (3) Grant a waiver of or variance from the Commission's Affiliate  
21 Transactions Rule, 4 CSR 240-20.015.

1 **Q: Are other regulatory filings being made that are part of the Applicants' plan to**  
2 **novate the Projects to Transource Missouri?**

3 A: Yes. Concurrent with this filing, Transource Missouri is filing with this Commission  
4 for a line CCN authorizing Transource Missouri to construct, finance, own, operate,  
5 and maintain the Projects. Once Transource Missouri has received the line CCN, the  
6 Applicants intend to seek approval from the SPP Board of Directors to enter into a  
7 Designee Qualification and Novation Agreement, whereby Transource Missouri will  
8 become the alternate Designated Transmission Owner ("DTO") responsible for  
9 constructing the Projects. Once approved by the SPP Board of Directors, SPP will  
10 then file the Designee Qualification and Novation Agreement with FERC.

11 Additionally, contemporaneous with this Application, Transource Missouri is  
12 seeking FERC approval of a formula rate for recovery of its costs through wholesale  
13 transmission rates.

14 **Q: Is this overall plan driven by regulatory changes?**

15 A: Yes. As described above, the Applicants' plan is driven by changes in regulatory  
16 policies for constructing, financing, owning, operating, and maintaining regional  
17 transmission facilities. While the Applicants' current regional Projects are not the  
18 result of a competitive developer selection process as envisioned in FERC Order No.  
19 1000, they do share certain attributes. Specifically, the Projects are driven by  
20 regional needs and are cost-allocated to the region. Because of FERC Order No.  
21 1000, the Applicants will not have the federal ROFR to build such regional  
22 transmission projects in the future even if such projects were to be located or  
23 interconnected with the local utility's service area. In order to maintain an

1 opportunity to construct, finance, own, operate, and maintain new regional  
2 transmission projects being built in its service territory, as well as the opportunity to  
3 participate in regional transmission projects outside of its service territory, GPE has  
4 entered into a joint venture with AEP to be in an optimal position to compete for the  
5 right to build those projects.

6 **II. SUPPORT AND SERVICE AGREEMENTS**

7 **Q: Please describe how Transource is staffed and receives services.**

8 A: Transource will leverage the strengths of its respective owners and their affiliates to  
9 fulfill its business initiatives. Although Transource will not have any direct  
10 employees, Transource will be operated by a full-time dedicated staff consisting of  
11 AEP and GPE affiliate employees. For the ongoing management of Transource, AEP  
12 will provide the majority of the support staff and services through its service  
13 company, AEPSC, and GPE, through its subsidiaries, will also provide services to  
14 Transource. To that end, Transource has executed Services Agreements with both  
15 KCP&L and AEPSC to provide staffing and to perform other services for Transource.  
16 The Services Agreement between Transource and AEPSC is attached hereto as  
17 Schedule DRI-1, and the Services Agreement between Transource and KCP&L is  
18 attached hereto as Schedule DRI-2. Both Agreements are identical in all material  
19 respects.

20 KCP&L and AEPSC will perform services with respect to Transource's  
21 business, as requested by Transource, pursuant to the terms of the Services  
22 Agreements. The services provided by KCP&L and AEPSC under the Services  
23 Agreements are described in Schedule 2.1 to the Agreements and include a wide array

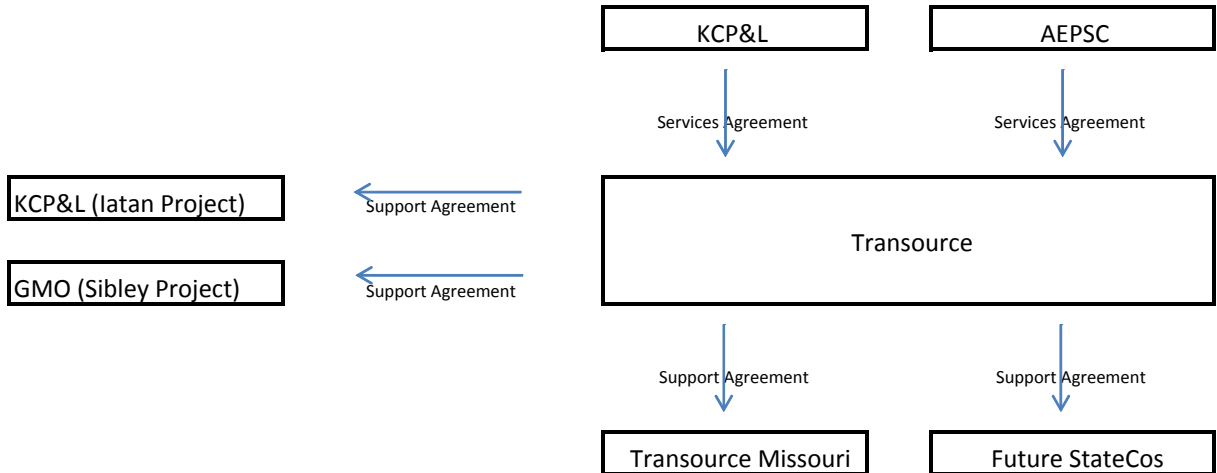
1 of services in the areas of business, tax compliance, risk management, siting and land  
2 acquisition, regulatory, procurement, engineering and design, construction, operation  
3 and maintenance, web hosting and other services. The Services Agreements require  
4 Transource to reimburse KCP&L and AEPSC for the services provided at cost. More  
5 specifically, pursuant to Section 6.1, services provided by KCP&L and AEPSC will  
6 be provided “on the same basis as such charges are determined for equivalent services  
7 that the Provider provides to its Corporate Affiliates and shall include allocations for  
8 overhead (including employee benefits, payroll taxes and charges for the use of  
9 infrastructure) and reimbursement of all out-of-pocket costs and expenses. . . .”

10 Additionally, AEPSC, through Transource, may provide certain support  
11 services to KCP&L and GMO in connection with the Projects, prior to their novation  
12 under separate Support Agreements. Specifically, Transource and KCP&L have  
13 executed a Support Agreement that allows KCP&L to request services related to the  
14 development of the Iatan-Nashua Project from AEPSC, through Transource, prior to  
15 the novation of the Project. A copy of the Support Agreement between Transource  
16 and KCP&L is attached hereto as Schedule DRI-3. Likewise, Transource has  
17 executed a Support Agreement with GMO that allows GMO to request services  
18 related to the development of the Sibley-Nebraska City Project from AEPSC, through  
19 Transource, prior to the novation of the Project. A copy of the Support Agreement is  
20 attached hereto as Schedule DRI-4.

21 After the novation of the Projects, services will be provided pursuant to the  
22 Services Agreements (Schedules DRI-1 and DRI-2). Notably, KCP&L will remain  
23 the utility on the ground operating and maintaining the Missouri projects under the

1 Service Agreements even after they are owned by Transource Missouri. In other  
 2 words, KCP&L will be a part of the Projects from the cradle to the grave. Figure 2  
 3 illustrates the Support Agreements and the Service Agreements among Transource  
 4 and its affiliates.

**Figure 2: Transource Services and Support Agreements**



5 **Q: How is Transource Missouri provided services?**

6 A: Through an Intercompany Support Agreement, attached hereto as Schedule DRI-5,  
 7 Transource will provide to Transource Missouri the services that are made available  
 8 to Transource pursuant to the Services Agreements with KCP&L and AEPSC.

9 **III. PUBLIC INTEREST**

10 **Q: Will Transource and/or Transource Missouri assume responsibility for all  
 11 transmission construction in the KCP&L and GMO service territories?**

12 A: No. Transource and Transource Missouri will focus on regional transmission projects  
 13 that require large-scale construction and procurement expertise and funding. Subject  
 14 to development of SPP-specific rules for compliance with FERC Order No. 1000,  
 15 KCP&L and GMO will continue to be responsible for local transmission reliability

1 projects, which include the construction and maintenance of projects that are designed  
2 to ensure reliable transmission necessary to serve local needs.

3 **Q: Do KCP&L and GMO currently have wholesale transmission rates under the**  
4 **SPP Tariff?**

5 A: Yes. Both KCP&L and GMO have FERC-approved formula rates that have been  
6 incorporated into the SPP Tariff.<sup>2</sup> These wholesale transmission rates are often  
7 referred to as formula rates because they use formulaic rate structures to determine  
8 the Annual Transmission Revenue Requirement (“ATRR”) for the applicable  
9 transmission owner through an agreed-upon formula that maintains annual true-up  
10 processes to actual costs.

11 **Q: Has Transource Missouri made a filing to establish wholesale rates for the**  
12 **Projects?**

13 A: Yes. As described above, concurrently with the filing of this Application, Transource  
14 Missouri is filing at FERC for approval of a wholesale transmission formula rate.  
15 Once approved by FERC, this formula rate will determine the ATRR of Transource  
16 Missouri that would be collected under the SPP Tariff.

17 **Q: Is the formula rate being requested by Transource Missouri similar to the**  
18 **formula rates currently in place for KCP&L and GMO?**

19 A: Yes. The formula rate being requested by Transource Missouri is structured in a  
20 similar manner to the formula rates currently in place for KCP&L and GMO.  
21 Therefore, the mechanics of annual updates and true-ups to actual costs for  
22 Transource Missouri should be very similar to that of KCP&L and GMO.

1           Additionally, Transource Missouri is requesting from FERC the same base Return on  
2           Equity (“ROE”) of 10.6% that FERC approved for KCP&L and GMO.

3   **Q:   Is Transource Missouri requesting that FERC approve incentives for the**  
4   **Projects?**

5   A:   Yes. Transource Missouri is requesting the following incentives:

- 6           •       100 basis point ROE Risk Adder for the Sibley-Nebraska City Project to  
7           address the financial risks and regional benefits associated with the project;
- 8           •       inclusion of 100% of construction work in progress (“CWIP”) in rate base  
9           during the development and construction periods for each of the Projects;
- 10          •       deferral of all prudently-incurred costs that are not capitalized prior to the  
11          rates going into effect for recovery in future rates;
- 12          •       use of a hypothetical capital structure consisting of 40% debt and 60% equity  
13          during construction until long-term financing is in place for both Projects; and
- 14          •       recovery of prudently-incurred costs in the event either of the Projects must be  
15          abandoned for reasons outside the reasonable control of Transource Missouri.

16   **Q:   Will the ATRR for Transource Missouri be similar to the ATRR that would be**  
17   **calculated for KCP&L and GMO?**

18   A:   Yes. KCP&L’s and GMO’s wholesale transmission rates include a 50 basis point  
19   ROE adder for RTO participation, identical to that being requested by Transource  
20   Missouri. In addition, with the exception of the hypothetical capital structure during  
21   construction, KCP&L and GMO would request similar incentives to those described

---

<sup>2</sup>       Kansas City Power & Light Co. and KCP&L Greater Missouri Operations Co., FERC Docket No. ER10-230-000 and -001, Letter Order Approving Formula Rate Settlement (issued Dec. 3, 2010).



1 above that are being requested by Transource Missouri if they were to maintain  
2 ownership of the Projects. FERC determines the appropriateness of incentives like  
3 the ROE risk incentive adders primarily on the individual characteristics of each  
4 project, so ownership of the Projects does not change project eligibility for the  
5 incentives.

6 **Q: Are there other benefits to ownership of the Projects by Transource Missouri**  
7 **that will reduce the costs to wholesale transmission customers?**

8 A: Yes. The project execution and procurement expertise of AEP, as well as the  
9 financial flexibility available to a transmission-only entity like Transource, are  
10 expected to cause the Projects to be constructed in a cost-effective manner. Any  
11 benefits associated with savings on the capital cost or financing of the Projects will  
12 flow directly to wholesale transmission customers through the formula rate. Given  
13 the total estimated cost of the Projects of approximately \$450M, even small  
14 efficiencies gained by AEP's participation in the execution of the Projects will pay  
15 off in the form of savings to wholesale transmission customers.

16 **Q: Why is the Applicants' proposal to transfer certain transmission property to**  
17 **Transource Missouri not detrimental to the public interest?**

18 A: Transferring the transmission property being used for the construction of the Iatan-  
19 Nashua Project will not harm the public interest, but rather will produce economic  
20 efficiencies and other results that benefit the public interest that are explained further  
21 in the answer to the next question.

22 *First*, no detriment to the public is created by using existing rights-of-way for  
23 constructing portions of the new Iatan-Nashua line; rather avoiding the need to pay

1 for new rights-of-way and limiting additional property encroachments is a benefit.  
2 Moreover, using existing rights-of-way is preferred by the public. As shown on the  
3 Applicants' website at <http://www.kcpl.com/iatannashua/> and in the quarterly reports  
4 submitted by the Applicants in Case No. EO-2012-0271, the Company spent more  
5 than a year evaluating routing options and listening to interested parties' concerns to  
6 aid in the planning and identification of the best construction route for the Iatan-  
7 Nashua Project. The project team collected more than 300 resident surveys,  
8 conducted five public meetings with more than 400 attendees, met and spoke with  
9 hundreds of residents and business owners personally and mailed almost 2,000 letters  
10 soliciting additional input and feedback. Based on the information that was gathered,  
11 there was a strong preference for utilizing existing lines, easements and rights-of-way  
12 as a first course of action to minimize the disturbance to landowners and wildlife  
13 habitats.

14 *Second*, the transfer of the property will have no detrimental impact on the  
15 continuation of adequate service to the public. The southern portion of the 161kV  
16 Alabama-Nashua line and related easements and rights-of-way will no longer be  
17 needed for the provision of electric services upon completion of the 345kV Iatan-  
18 Nashua Project. Additionally utilizing their local expertise, Transource Missouri will  
19 rely on KCP&L and GMO to operate and maintain the new 345kV transmission  
20 facilities. KCP&L and GMO have a long history of delivering reliable electric  
21 service to their customers, which serves as a foundation of the Applicants' operating  
22 strategies. For the fifth year in a row, the PA Consulting Group recognized KCP&L

1 as the recipient of the 2011 ReliabilityOne™ Award in the Plains Region. A copy of  
2 the press release is attached hereto as Schedule DRI-6.

3 *Third*, the property being transferred, at cost, is *de minimis* in value—  
4 estimated to be under \$1M net book value depending upon the construction  
5 completed at the time Commission authorization is received and the property is  
6 transferred. Transferring these costs to Transource Missouri should result in a  
7 savings for Missouri customers. Transource Missouri will use the transferred  
8 property to build more robust transmission facilities that will improve regional  
9 reliability, including the KCP&L and GMO service areas, the cost of which will be  
10 shared by the entire region.

11 *Fourth*, as described earlier in this testimony, the formula rate and resulting  
12 ATRR requested by Transource Missouri in its FERC filing are similar in design to  
13 those in place and available for KCP&L and GMO.

14 *Finally*, the Commission’s approval of the transfer will assist the Applicants  
15 in implementing the Projects to achieve the benefits to the public that SPP identified  
16 as supporting the construction of the Projects. After the property is transferred and  
17 responsibility for the Projects is novated to Transource Missouri, the property will  
18 continue to be used to provide service to the region as it would have been if the  
19 Applicants continued to construct, own and operate the Projects. Accordingly, the  
20 public interest that would be served by continued ownership of the property by the  
21 Applicants will also be served by the transfer and by Transource Missouri’s  
22 ownership without any detriment to Missouri customers.

1 **Q: Is the public interest benefited in other ways?**

2 A: Yes, there are many benefits to transferring certain transmission property to  
3 Transource Missouri to facilitate Transource Missouri's ability to construct the Iatan-  
4 Nashua Project.

5 *First*, Pursuant to the Services and Support Agreements described above, any  
6 services provided to Transource Missouri by KCP&L or AEPSC will be at cost and  
7 will be reflected as such in rates.

8 *Second*, Transource Missouri's ownership of the Projects will relieve the  
9 financial obligations currently residing with KCP&L and GMO. These financial  
10 obligations will be reduced because Transource Missouri will assume responsibility  
11 for the cost of the Projects, which is currently estimated to be approximately \$450M.  
12 Having Transource Missouri become responsible for the Projects is expected to  
13 reduce the Applicants' intermediate-term capital requirements, which potentially can  
14 have a positive effect on their financing costs for other projects, including generation  
15 upgrades necessary to meet renewable energy standards and other environmental  
16 mandates. The Applicants are forecasting approximately \$2.1B in capital  
17 expenditures during 2012-14, including approximately \$500M for environmental  
18 projects. The average annual level of projected capital expenditures over this three-  
19 year period is substantial – more than twice the 2011 level of depreciation and  
20 amortization even if Transource Missouri takes over the Projects.

21 *Third*, customers will also benefit from the project execution and procurement  
22 expertise of AEP, as well as the financial flexibility available to a transmission-only  
23 entity like Transource. As the owner of the largest transmission network in the

1 country, AEP brings broad experience in transmission project development, extensive  
2 engineering expertise, and an ability to procure equipment and other materials at  
3 competitive prices. These capabilities enabled by the Transource joint venture should  
4 directly result in benefits to Missouri customers.

5 **Q: Will wholesale transmission customers be responsible for the same load share of**  
6 **the ATRR of the Projects if Transource Missouri owns the Projects versus**  
7 **KCP&L and GMO owning the Projects?**

8 A: Yes. Regardless of which entity owns the Projects, SPP will allocate the ATRR  
9 associated with the Projects to network customers of the transmission system, based  
10 on the same load ratio share cost allocation methodology per the SPP Tariff. In the  
11 case of both of the Projects, SPP will allocate 100% of the ATRR regionally to all  
12 network customers within SPP based on load ratio share. As a result, KCP&L and  
13 GMO will only incur roughly 8% on a combined Missouri basis, and this percentage  
14 will be no different whether Transource Missouri, KCP&L, GMO, or any other entity  
15 were to own the Projects.

16 **Q: Have the Applicants provided pro forma financial data in this case?**

17 A: Yes. Pursuant to 4 CSR 240-3.110(1)(E) and 4 CSR 240-3.110(2), the Applicants  
18 have provided financial statements of the transferee, Transource Missouri, as of July  
19 31, 2012, as Schedule DRI-7. In addition, we have provided the pro forma effects of  
20 the proposed transfer as of July 31, 2012. These financial statements and pro forma  
21 data are not necessarily reflective of likely impacts at the time of transfer for a couple  
22 of reasons. *First*, Transource Missouri is a newly created transmission company for  
23 which the Projects proposed to be novated will be the first business activity.

1 Therefore, the financial statements at July 31, 2012, do not reflect permanent  
2 financing or continuing operations at this stage. Amounts reflected are primarily  
3 start-up costs incurred up to July 31, 2012. *Second*, the assets to be transferred,  
4 comprising the pro forma adjustments at July 31, 2012, do not reflect costs associated  
5 with the Projects, such as transmission structures on the West Segment of the Iatan-  
6 Nashua project, that may be constructed and placed in-service prior to transfer  
7 approval from the Commission and completion of the transfer.

8 **Q: Have the Companies incurred any costs associated with the Projects?**

9 A: Yes. Separate from the cost of the existing Alabama-Nashua Line and rights-of-way  
10 to be transferred, the Companies have incurred costs on both of the Projects to date,  
11 but they have not been charged to customers. The pro forma financial data provided  
12 in Schedule DRI-7 includes CWIP amounts recorded on the Projects at July 31, 2012.

13 **IV. NOVATION OF THE NOTIFICATIONS TO CONSTRUCT**

14 **Q: Describe the SPP novation process that allows KCP&L and GMO to designate  
15 an alternate transmission owner to build regional transmission projects  
16 identified under existing NTCs.**

17 A: As described in the Direct Testimony of Todd E. Fridley, Section VI of Attachment O  
18 to the SPP Tariff governs the NTC process for the construction of regional  
19 transmission facilities in SPP. Pursuant to Section VI, the Applicants have been  
20 identified as the DTO by SPP for the Projects. The NTCs for the Projects are  
21 provided as schedules to the Direct Testimony of Brent C. Davis. It is my  
22 understanding that Section VI.6 of Attachment O allows the Applicants to arrange for

1 another entity to build the projects identified in the NTCs subject to certain  
2 qualifications described below.

3 **Q: What are the qualifications an entity must meet to assume the obligations set**  
4 **forth in an NTC?**

5 A: As set forth in Attachment O, to assume responsibility for a transmission project  
6 identified in an NTC already assigned to a DTO, an alternate DTO must demonstrate:  
7 (i) it has obtained all state regulatory authority necessary to construct, own, and  
8 operate transmission facilities within the state where the project is located; (ii) it  
9 meets the creditworthiness requirements of SPP; (iii) it has executed or is capable and  
10 willing to sign the SPP Membership Agreement as a Transmission Owner upon the  
11 selection of its proposal to construct and own the project; and (iv) it meets the  
12 technical, financial, and managerial qualifications specified in SPP's business  
13 practices.

14 SPP will consider the above factors when evaluating the Applicants' request  
15 for SPP approval to novate the NTCs. A novation request is submitted to the SPP  
16 Board of Directors, as well as the SPP Regional State Committee and other  
17 stakeholders, during the review process. The SPP Board of Directors will make a  
18 determination regarding the proposal for another entity to become the alternate DTO,  
19 after which SPP will file the Designee Qualification and Novation Agreement with  
20 FERC. Further details of the novation process, governed by Attachment O to the SPP  
21 Tariff and SPP's other business practices, are contained in the Direct Testimony of  
22 Todd E. Fridley. As I understand the process, once all the conditions outlined by Mr.  
23 Fridley are met, the novation would be complete.

1 **Q: Under these requirements, is Transource Missouri qualified to be the alternate**  
2 **DTO for the Projects?**

3 A: Yes. Once the Commission approves this Application and issues a line CCN to  
4 Transource Missouri, requirement (1) will be met. The Direct Testimony of Antonio  
5 P. Smyth filed in the line CCN case addresses how Transource Missouri will be able  
6 to fulfill the other three requirements and sign the SPP Membership Agreement.  
7 Once that occurs, Transource Missouri, the Applicants, and SPP will enter into a  
8 Designee Qualification and Novation Agreement, whereby Transource Missouri will  
9 become the alternate DTO, and will submit such agreement to FERC for acceptance,  
10 as has been done by other entities in the past. Transource Missouri will then be  
11 responsible for constructing the Iatan-Nashua and Sibley-Nebraska City Projects.

12 **V. AFFILIATE TRANSACTIONS RULE**

13 **Q: Please explain the Applicants request for a waiver of or variance from the**  
14 **Commission’s Affiliate Transactions Rule, 4 CSR 240-20.015.**

15 A: The Applicants are seeking a waiver of or variance from the Commission’s Affiliate  
16 Transactions Rule (“Rule”) because transactions between the Applicants and  
17 Transource and its regulated utility subsidiaries, concern their *regulated operations*,  
18 and these entities provide services at cost under certain services agreements and  
19 intercompany support agreements described above.

20 The preamble to the Rule states it is “intended to prevent regulated utilities  
21 from subsidizing their non-regulated operations.” The Applicants, Transource, and  
22 its regulated utility subsidiaries such as Transource Missouri will be engaged in  
23 *regulated operations*. KCP&L and GMO are regulated by this Commission.



1 Transource was established to develop, acquire, construct, finance, own, operate, and  
2 maintain regulated regional electric transmission projects through its regulated utility  
3 subsidiaries. Transource Missouri is requesting a line CCN from the Commission  
4 and will be regulated by FERC. The Commission, therefore, should grant a waiver of  
5 or variance from the Affiliate Transactions Rule, as its purpose is not served by  
6 applying it to transactions between the Applicants, on the one hand, and Transource  
7 and its regulated utility subsidiaries such as Transource Missouri, on the other.

8 Furthermore, the Applicants have agreed to provide Transource and its  
9 regulated utility subsidiaries services at cost without mark-up for profit. AEPSC will  
10 do the same. As previously discussed, pursuant to Section 6.1 of the Services  
11 Agreements, charges for services “shall be determined on the same cost basis as such  
12 charges are determined from time to time for equivalent services that the Provider  
13 provides to its utility Corporate Affiliates and shall include allocations for overhead  
14 (including employee benefits, payroll taxes and charges for the use of infrastructure)  
15 and reimbursement of all out-of-pocket costs and expenses . . . shall exclude any  
16 markup for profit.”

17 If the Rule is applied to transactions between Applicants and Transource or its  
18 regulated utility subsidiaries such as Transource Missouri, the asymmetrical pricing  
19 requirements of the Rule would actually prevent the entities from exchanging goods  
20 and services at cost. This would be a detriment to utility customers who pay for the  
21 transmission services through Transource Missouri’s FERC-approved formula rate  
22 because services that are provided “at cost” are generally lower than services  
23 provided at market rates, which typically include a profit component. Because the

1 objective of Transource and its members is to develop, construct, finance, own, and  
2 operate regulated electric transmission projects on a cost basis, the Rule would  
3 prevent such advantages from accruing to those parties, including end-use customers  
4 in Missouri.

5 **Q: Please describe the transactions for which the Applicants are requesting a**  
6 **waiver of or variance from the Rule.**

7 A: The Applicants are requesting to transfer at cost certain transmission property from  
8 GMO necessary to construct the Projects. Primarily, this property is a segment of the  
9 161kV Alabama-Nashua Line, including associated rights-of-way and easements.  
10 The Applicants also request that the balance accumulated in Construction Work in  
11 Progress (“CWIP”) (FERC account 107000) related to the Projects at the time of the  
12 transfer be transferred to Transource Missouri, at cost.

13 Additionally, as described earlier in this testimony, KCP&L has entered into a  
14 Services Agreement with Transource for operating and maintaining the transmission  
15 facilities that are the subject of the Projects, as well as other services requested by  
16 Transource. The Applicants have also entered into Support Agreements with  
17 Transource for services from Transource associated with the Projects prior to the  
18 transfer of property and novation of the Projects. Through an Intercompany Support  
19 Agreement, attached hereto as Schedule DRI-5, Transource may provide to  
20 Transource Missouri the services that are made available to Transource pursuant to  
21 the Services Agreements with KCP&L and AEPSC. The Applicants are requesting a  
22 waiver of or variance from the Affiliate Transaction Rule such that all services  
23 provided to the Applicants from Transource and its regulated utility subsidiaries or

1 from the Applicants to Transource and its regulated utility subsidiaries may be  
2 provided and received by the Applicants at cost.

3 **Q: Have the Applicants provided detail in their Application in this case regarding**  
4 **the Project costs accumulated in CWIP that they are requesting to transfer at**  
5 **costs?**

6 A: The Applicants have not provided detailed schedules of accumulated CWIP  
7 associated with the Projects in this application; however, amounts accumulated in  
8 CWIP at July 31, 2012 have been provided in the pro forma financial data included in  
9 Schedule DRI-7. At this stage of the Projects, construction has not yet begun but  
10 certain development, siting, and routing costs have been incurred. At the time of  
11 transfer between the Applicants and Transource Missouri, the Applicants intend to  
12 provide a copy of the final purchase agreement, detail of costs included in CWIP, and  
13 detail of the property to be transferred.

14 **Q: Why should the Commission grant the Applicant's request for a waiver of or**  
15 **variance from the Rule?**

16 A: The Commission should grant the Applicants' request because it is in the public  
17 interest. *First*, the transactions between the Applicants and Transource Missouri or  
18 future regulated utility subsidiaries of Transource will be between *regulated*  
19 companies, not between a regulated utility and a non-regulated affiliate, so the  
20 Commission can exercise oversight. *Second*, using a cost basis for such transactions,  
21 as well as for transactions between the Applicants and Transource, will eliminate the  
22 need to compare or analyze market prices and thus will produce administrative  
23 efficiencies. *Third*, the waiver or variance will allow Transource Missouri or future

1 regulated utility subsidiaries of Transource to operate on a cost basis that is  
2 comparable to KCP&L or GMO, which will allow Transource Missouri or future  
3 regulated utility subsidiaries of Transource to better manage the cost to serve  
4 transmission customers, and ultimately, Missouri customers. *Finally*, it would  
5 facilitate the entrance of Transource Missouri or future regulated utility subsidiaries  
6 of Transource to the competitive transmission marketplace as a low-cost builder and  
7 operator of electric transmission facilities that will promote the reliability of the grid,  
8 efficiency in the power markets, and the attainment of environmental policy  
9 objectives.

10 In short, the synergies contemplated by transactions between the Applicants,  
11 Transource Missouri, future regulated Transource subsidiaries, and Transource are in  
12 part premised on the ability of these entities to exchange goods and services at cost.  
13 The public interest would suffer no detriment from a waiver of or variance from the  
14 Rule.

15 **Q: Does this conclude your testimony?**

16 **A:** Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of Kansas City )  
Power & Light Company and KCP&L Greater ) Case No. EO-2012-0367  
Missouri Operations Company Regarding )  
Arrangements for the Construction of Certain )  
Transmission Projects. )

**AFFIDAVIT OF DARRIN R. IVES**


**STATE OF MISSOURI** )  
 ) ss  
**COUNTY OF JACKSON** )

Darrin R. Ives, being first duly sworn on his oath, states:

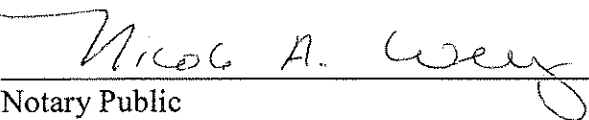
1. My name is Darrin R. Ives. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Senior Director – Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company consisting of twenty-seven (27) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Darrin R. Ives

Subscribed and sworn before me this 31st day of August, 2012.

  
\_\_\_\_\_  
Notary Public

My commission expires: Feb. 4, 2015

NICOLE A. WEHRY Notary Public - Notary Seal State of Missouri Commissioned for Jackson County My Commission Expires: February 04, 2015 Commission Number: 11391200
---

**SERVICES AGREEMENT**

**BY AND BETWEEN**

**TRANSOURCE ENERGY, LLC**

**AND**

**AMERICAN ELECTRIC POWER SERVICE CORPORATION**

**April 3, 2012**

## TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS; RULES OF CONSTRUCTION .....	1
1.1 <u>Definitions</u> .....	1
1.2 <u>Rules of Construction</u> .....	1
ARTICLE 2 SERVICES.....	2
2.1 <u>Services Upon Company Request</u> .....	2
2.2 <u>Standards for Provider Performance</u> .....	2
2.3 <u>Control of Work</u> .....	3
2.4 <u>Instructions to the Provider</u> .....	3
2.5 <u>Personnel; Subcontractors</u> .....	3
2.6 <u>Budgets</u> .....	4
2.7 <u>Status Reports; Documentation</u> .....	4
2.8 <u>Authority</u> .....	5
2.9 <u>Services for Subsidiaries and SPP Project Companies</u> .....	5
ARTICLE 3 COMPANY OBLIGATIONS.....	5
3.1 <u>Standards for Company Performance</u> .....	5
3.2 <u>Cooperation</u> .....	6
3.3 <u>Access</u> .....	6
3.4 <u>Authorizations</u> .....	6
ARTICLE 4 INTELLECTUAL PROPERTY .....	6
4.1 <u>Ownership of Work Product</u> .....	6
4.2 <u>Intellectual Property Rights</u> .....	6
4.3 <u>Intellectual Property Indemnification</u> .....	7
4.4 <u>Survival</u> .....	8
ARTICLE 5 TERM .....	8
5.1 <u>Term</u> .....	8
ARTICLE 6 COMPENSATION .....	8
6.1 <u>Charges for Services</u> .....	8
6.2 <u>Invoicing</u> .....	8
6.3 <u>Sales and Use Taxes</u> .....	8
6.4 <u>Payment</u> .....	8
6.5 <u>Right to Review Information</u> .....	9
ARTICLE 7 WARRANTIES .....	9
7.1 <u>Scope of Warranties</u> .....	9
7.2 <u>Exclusive Warranties and Remedy</u> .....	9
ARTICLE 8 DEFAULT AND TERMINATION.....	10
8.1 <u>Events of Default</u> .....	10
8.2 <u>Termination for Cause</u> .....	10
8.3 <u>Termination by Mutual Agreement</u> .....	10
8.4 <u>Termination if Provider is not a Corporate Affiliate</u> .....	10
8.5 <u>Fines and Penalties</u> .....	11
8.6 <u>Limitations on Liability</u> .....	11
8.7 <u>Exclusive Remedies</u> .....	11
8.8 <u>Obligations Upon Termination</u> .....	11

ARTICLE 9 INSURANCE PLAN .....	12
ARTICLE 10 INDEMNIFICATION .....	13
10.1 <u>Indemnification of Third Party Claims</u> .....	13
10.2 <u>Indemnification Procedures</u> .....	13
10.3 <u>Subrogation</u> .....	14
10.4 <u>Survival</u> .....	14
ARTICLE 11 EXCUSED PERFORMANCE .....	14
11.1 <u>Force Majeure</u> .....	14
11.2 <u>Change in Law</u> .....	15
11.3 <u>Emergencies</u> .....	15
ARTICLE 12 GENERAL PROVISIONS .....	15
12.1 <u>Confidentiality Agreement</u> .....	15
12.2 <u>Interest on Overdue Amounts</u> .....	15
12.3 <u>Assignment</u> .....	15
12.4 <u>Setoff</u> .....	16
12.5 <u>Applicable Law</u> .....	16
12.6 <u>Binding Agreement; No Third Party Beneficiaries</u> .....	16
12.7 <u>Notices</u> .....	16
12.8 <u>Terminology</u> .....	16
12.9 <u>Entire Agreement</u> .....	16
12.10 <u>Severability</u> .....	17
12.11 <u>Other Instruments</u> .....	17
12.12 <u>Amendments</u> .....	17
12.13 <u>Waivers</u> .....	17
12.14 <u>Counterparts</u> .....	17
12.15 <u>Costs</u> .....	17
12.16 <u>WAIVER OF RIGHT TO JURY TRIAL</u> .....	17
12.17 <u>Survival</u> .....	17
12.18 <u>Dispute Resolution</u> .....	17

**SCHEDULES**

Schedule 1.1	Definitions
Schedule 2.1	Services
Schedule 9	Insurance Plan
Schedule 12.7	Addresses for Notices



## SERVICES AGREEMENT

This Services Agreement (the “Services Agreement”), dated as of April 3, 2012 (the “Effective Date”), is entered into by and between TRANSOURCE ENERGY, LLC, a limited liability company organized under the laws of the State of Delaware (the “Company”), and AMERICAN ELECTRIC POWER SERVICE CORPORATION, a corporation organized under the laws of the State of New York (the “Provider”). Each of the Company and the Provider are sometimes referred to herein, individually, as a “Party” and, collectively, as the “Parties.”

### RECITALS

WHEREAS, AEP Transmission Holding Company, LLC and GPE Transmission Holding Company, LLC have established the Company to pursue, develop, construct, own and operate certain electric transmission projects pursuant to the Operating Agreement of the Company dated April 3, 2012 (as such agreement may be amended, supplemented or otherwise modified from time to time, the “Operating Agreement”); and

WHEREAS, the Company intends to pursue such activities through various subsidiary utility companies (each, a “Subsidiary” and, collectively, the “Subsidiaries”) and the Company is willing to provide certain support services to such Subsidiaries in connection with such activities; and

WHEREAS, the Company is also willing to provide certain support services to Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company (each, an “SPP Project Company” and, collectively, the “SPP Project Companies”) in connection with their respective development efforts in connection with two (2) electric transmission projects that are expected to be transferred to the Company or a Subsidiary; and

WHEREAS, the Company desires that the Provider provide certain services to support the Company and the activities of the Subsidiaries and the SPP Project Companies; and

WHEREAS, the Provider is willing to provide such services to the Company, the Subsidiaries and the SPP Project Companies.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### ARTICLE 1 DEFINITIONS; RULES OF CONSTRUCTION

- 1.1 Definitions. As used in this Services Agreement, terms defined in Schedule 1.1 have the meanings set forth therein.
- 1.2 Rules of Construction. The following provisions shall be applied wherever appropriate herein:
  - (a) “herein,” “hereby,” “hereunder,” “hereof,” “hereto” and other equivalent words shall refer to this Services Agreement in its entirety and not solely

to the particular portion of this Services Agreement in which any such word is used;

- (b) “include,” “includes” and “including” are terms of illustration and not of limitation and shall be deemed in all instances to be followed by the phrase “without limitation”;
- (c) all definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural;
- (d) neither this Services Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsman hereof or thereof;
- (e) the Section headings appearing in this Services Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or extent of such Section, or in any way affect this Services Agreement;
- (f) any references herein to a particular Section, Article or Schedule means a Section or Article of, or a Schedule to, this Services Agreement unless another agreement or document is specified; and
- (g) the Schedules attached hereto are incorporated herein by reference and shall be considered part of this Services Agreement.

## **ARTICLE 2 SERVICES**

### **2.1 Services Upon Company Request.**

2.1.1 Upon the written direction of the Company, the Provider shall perform any or all of the services identified on Schedule 2.1.

2.1.2 The Company may, by written notice, direct that any Services be suspended, modified, terminated or resumed, at any time and from time to time; provided, that the Company shall be responsible for all charges for demobilization and remobilization activities and costs reasonably incurred by the Provider as a result of any such suspension, modification, termination or resumption.

### **2.2 Standards for Provider Performance.** The Provider shall provide the Services in a good and workmanlike manner and in conformity with Good Industry Practice and Applicable Law. The Provider shall not proceed with any act under this Services Agreement unless and until necessary regulatory approvals, if any, for such act have been obtained. With respect to any Services related to obtaining any Third Party Approvals, the Provider does not represent, warrant or guarantee that any such Third Party Approval can or will be obtained.

2.3 Control of Work. In performing the Services, the Provider shall act and shall be deemed for all purposes to be an independent contractor. The Provider shall be solely responsible for and have control over the means, methods, techniques, scheduling, sequences and procedures used in the performance of the Services.

2.4 Instructions to the Provider. The Provider may request instructions (or clarification of directives) from the Company prior to taking action with respect to any matter relating to the Services and the Provider may, to the extent reasonably necessary or appropriate, defer such action pending the receipt of such instructions or clarification. The Company shall not unreasonably withhold or delay any instruction or clarification to the Provider that is necessary or desirable to enable the Provider to timely and properly perform the Services.

2.5 Personnel; Subcontractors.

2.5.1 The Provider shall be solely responsible for the supervision, direction and control of all the Provider's personnel engaged in the performance of Services. Such personnel shall be employees or independent contractors of the Provider and not of the Company. The Provider shall be responsible for the payment of all compensation, benefits and employment taxes with respect to the services of its personnel. The Provider may remove, reassign or take any other employment-related action in regard to any of its personnel.

2.5.2 Without limiting the obligations of the Provider hereunder, the Provider may retain the services of other Persons (each, a "Subcontractor"), including Corporate Affiliates of the Provider, to perform all or any part of the Services, and may also enter into subcontracts with such Persons in order to perform all or any part of the Services; provided, that:

- (a) any such subcontract(s) reasonably expected to cost (singly or in the aggregate with all subcontracts with the same Subcontractor and its Corporate Affiliates and including any termination liability) more than \$500,000 in a calendar year shall be subject to the prior written approval of the Company; provided, that this Section 2.5.2(a) shall not restrict the Provider's right to execute subcontracts to the extent reasonably necessary to avoid or mitigate the effects of an Emergency so long as the Provider notifies the Company of any such subcontract as soon as reasonably practicable;
- (b) the Provider shall use commercially reasonable efforts to obtain from all Subcontractors terms and conditions (including representations, warranties, guarantees, insurance and indemnities) that are substantially equivalent to the terms and conditions obtained by the Provider and its Corporate Affiliates in comparable contracts with subcontractors;
- (c) the Provider shall use commercially reasonable efforts to cause its Subcontractors to cause their respective insurers to designate the Company

and the Subsidiaries as additional named insureds under the Subcontractors' insurance policies; and

- (d) the Provider shall act diligently and in good faith (taking into account the Company's interests) to enforce the Provider's rights under all such subcontracts, including any indemnities in such subcontracts, and shall keep the Company reasonably apprised of the status of any such enforcement activities.

## 2.6 Budgets.

2.6.1 Annually, by no later than September 30, the Provider shall submit to the Company a proposed budget setting forth the costs and expenses the Provider reasonably anticipates charging to the Company for Services and Administrative Charges for the next subsequent calendar year. Each such proposed budget shall be accompanied by reasonably detailed supporting materials showing assumptions and calculations incorporated therein and shall include: (i) an estimate of all costs anticipated to be incurred by the Provider during such calendar year; (ii) a schedule showing when such costs are expected to be incurred; and (iii) a three (3)-year forecast of the costs and expenses the Provider anticipates for Services and Administrative Charges. Each such proposed budget shall be subject to the approval of the Company (each proposed budget, once approved, an "Approved Budget").

2.6.2 In the event of a suspension, modification, resumption or termination of any Services that will materially impact an Approved Budget or if the Provider anticipates that its total costs and expenses for Services and Administrative Charges will exceed one hundred ten percent (110%) of the then-current Approved Budget, the Provider shall timely provide to the Company a proposed amended budget reflecting its then-current assessment of costs and expenses to be incurred for Services and Administrative Charges for the remaining term of the then-current Approved Budget. Any proposed amendment to an Approved Budget shall include the information described in Section 2.6.1 and shall be subject to the approval of the Company.

2.6.3 Notwithstanding any other provision of this Services Agreement, the Company shall pay to the Provider in accordance with Article 6 all charges for Services provided by the Provider to the Company and all Administrative Charges, including any such charges in excess of the amounts for such Services or Administrative Charges set forth in the then-current Approved Budget.

- 2.7 Status Reports; Documentation. The Provider shall provide the Company with a reasonably detailed written report on the status of the Services and the charges for Services and Administrative Charges no less frequently than once every two (2) months. Such reports shall be reasonably acceptable to the Company as to form and content and shall, subject to applicable confidentiality restrictions, be accompanied by reasonable back-up documentation.

2.8 Authority.

2.8.1 In addition to any Services it shall be obligated to perform, the Provider shall have authority to provide personnel (including the personnel of its Corporate Affiliates but excluding personnel of any Subcontractor) to perform or conduct administrative and/or ministerial duties or functions for or on behalf of the Company and the Subsidiaries, including providing personnel to serve as managers, directors, officers, administrators and representatives of the Company and its Subsidiaries.

2.8.2 Notwithstanding any other provision of this Services Agreement and without affecting any other limitations on the Provider's rights or duties hereunder, unless otherwise approved in writing by the Company or authorized pursuant to a written power of attorney granted by the Company to the Provider, the Provider has no authority to: (i) sell, lease, pledge, mortgage, encumber, convey, license, exchange or make any other transfer or disposition of any property of the Company, including any items or assets whose purchase is managed by the Provider; (ii) make, enter into, execute, amend, waive any rights under or modify or supplement any contract or agreement (including the Operating Agreement and this Services Agreement) on behalf of, binding upon or in the name of the Company; (iii) settle, compromise, assign, pledge, transfer, release or consent to the same of any claim, suit, debt, demand or judgment against or due by the Company, or submit any such claim, dispute or controversy to arbitration or judicial process or stipulate to a judgment, or consent to do the same; (iv) agree to any penalty payable by the Company for violation of any Applicable Law; (v) make any representation or warranty on behalf of the Company; (vi) pledge the credit of the Company; or (vii) cause the conveyance, modification, sale or other disposition of any portion of a project.

2.9 Services for Subsidiaries and SPP Project Companies. At the Company's request, the Provider shall perform Services for the benefit of Subsidiaries and/or SPP Project Companies. In such cases the Provider shall act at the direction of such Persons with respect to the applicable Service(s) unless and until otherwise instructed in writing by the Company. To the extent the Company requests the Provider to perform any Services directly to a Subsidiary or SPP Project Company, then such Person shall be deemed to be an express third party beneficiary of this Services Agreement and shall be entitled to enforce any rights, terms or conditions of this Services Agreement with respect to such Services.

**ARTICLE 3  
COMPANY OBLIGATIONS**

3.1 Standards for Company Performance. The Company shall carry out all of its activities relating to the Services in conformity with Good Industry Practice and Applicable Law. The Company shall not proceed with any act under this Services Agreement unless and until any necessary regulatory approval for such act has been obtained.

- 3.2 Cooperation. The Company shall cooperate (and cause its Subsidiaries to cooperate) with the Provider and Subcontractors so as to minimize delays, errors, inconsistencies, changes and unnecessary costs in the performance of the Services.
- 3.3 Access. The Company shall provide (and cause its Subsidiaries to provide) the Provider and Subcontractors with access to the Company's (and its Subsidiaries') sites and facilities in order for the Provider to perform the Services.
- 3.4 Authorizations. From time to time, the Company shall execute and deliver, as reasonably requested by the Provider, any authorizations reasonably necessary to facilitate the Provider's performance of the Services.

#### **ARTICLE 4 INTELLECTUAL PROPERTY**

- 4.1 Ownership of Work Product. Upon delivery, and unless otherwise limited by third party interests, the Company shall be the owner of the delivered copies of all drawings, plans, specifications, budgets, schedules, reports and other documents and materials prepared or provided by the Provider in connection with the performance of the Services ("Work Product").

- 4.2 Intellectual Property Rights.

4.2.1 The Provider hereby grants to the Company, and in connection with Services to be provided to any Subsidiary or an SPP Project Company, to any such Subsidiary and SPP Project Company, an irrevocable, perpetual, non-transferable (except in connection with an assignment permitted pursuant to Section 4.2.6), non-exclusive, world-wide, royalty-free, internal use license to copy, use and display the Provider's Proprietary Property and that of its Corporate Affiliates that is incorporated into the Work Product or otherwise provided to the Company, any such Subsidiary or any such SPP Project Company for the purpose for which such Proprietary Property was provided pursuant to this Services Agreement.

4.2.2 The Provider's Proprietary Property and that of its Corporate Affiliates is and shall remain the sole and exclusive property of the Provider and/or its Corporate Affiliates, as applicable. Other than the license granted pursuant to Section 4.2.1, the Company shall have no right, claim or interest of any type, by virtue of this Services Agreement or otherwise, in or to: (i) the Provider's Proprietary Property or that of its Corporate Affiliates; or (ii) any other Intellectual Property Rights of the Provider or its Corporate Affiliates. The Company hereby irrevocably waives and releases any right, claim or interest therein or thereto. The Company shall not reverse engineer, decompile, disassemble or otherwise attempt to reproduce the Provider's Proprietary Property or that of its Corporate Affiliates in any manner.

4.2.3 Subject to the license granted pursuant to Section 4.2.1, all Intellectual Property Rights that the Company may hereafter acquire, discover, invent, originate, make, develop or conceive, in whole or in part, through its use of the Provider's Proprietary Property or that of its Corporate Affiliates shall be the sole, exclusive and unencumbered

property of the Provider or its Corporate Affiliates, as applicable, and shall be deemed a part of the Intellectual Property of the Provider or its Corporate Affiliates, as applicable. The Company shall execute and deliver, or cause to be executed and delivered, such agreements, instruments and documents (including one or more memoranda of license suitable for recording in the U.S. Patent and Trademark Office) and shall take such other actions as may be reasonably requested by the Provider for the purpose of effectuating, evidencing, implementing and facilitating the Provider's rights and those of its Corporate Affiliates as set forth in this Section 4.2.3.

4.2.4 In the event that the Company uses any of such Proprietary Property for any purpose other than as permitted pursuant to Section 4.2.1, without limiting its other remedies, the Provider or its Corporate Affiliates shall have exclusive ownership rights in and to any proceeds, assets or intellectual property resulting from or related to such prohibited activity.

4.2.5 All of the Provider's Proprietary Property and that of its Corporate Affiliates shall be deemed to be Confidential Information subject to Section 20 of the Operating Agreement.

4.2.6 Should the Company, a Subsidiary or an SPP Project Company transfer title in a project to a third party (and upon any subsequent transfer of such project), unless otherwise agreed by the Parties, the license provided in Section 4.2.1 shall automatically transfer with such project; provided, that any such transferee, for itself and its successors and assigns, agrees in writing to be bound by the prohibitions and restrictions of this Article 4.

#### 4.3 Intellectual Property Indemnification.

4.3.1 The Provider represents and warrants that to its knowledge, without investigation, the Company's, a Subsidiary's or an SPP Project Company's exercise of its rights under the license set forth in Section 4.2.1 will not infringe any United States Intellectual Property Rights of any Person. Subject to the limitations set forth in Section 8.6 and the procedures set forth in Article 10, the Provider shall indemnify, defend and hold harmless each Company Indemnified Person from and against any and all Claims arising out of any breach of the foregoing representation and warranty.

4.3.2 If the Company promptly notifies the Provider of any claim of infringement for which the Provider's indemnification obligation pursuant to Section 4.3.1 applies, the Provider shall, at its own expense and option, exercise commercially reasonable efforts to: (i) procure for the Company the right to continue its exercise of its rights under the license set forth in Section 4.2.1; (ii) modify the Company asset so that such exercise of license rights becomes non-infringing, provided such modification shall not diminish or adversely alter in any material respect the features or functionality of any of the Company's assets or the Services; or (iii) replace the infringing asset with materials, equipment, facilities or services that are not so infringing, provided such replacement shall not diminish or adversely alter in any material respect the features or functionality of any of the Company's assets or the Services.

4.3.3 The Company shall indemnify, defend and hold harmless each Provider Indemnified Person from and against any and all Claims arising out of the Company's use of any of the Provider's Proprietary Property or that of its Corporate Affiliates in any manner other than as expressly permitted hereunder.

4.4 Survival. This Article 4 shall survive the termination of this Services Agreement.

## ARTICLE 5 TERM

5.1 Term. The term of this Services Agreement (the "Term") shall commence on the Effective Date and, unless earlier terminated in accordance with Article 8, shall remain in effect until the date a certificate of cancellation of the Company is filed with the Secretary of State of the State of Delaware.

## ARTICLE 6 COMPENSATION

6.1 Charges for Services. Charges for the Services and Administrative Charges shall be determined on the same cost basis as such charges are determined from time to time for equivalent services that the Provider provides to its utility Corporate Affiliates and shall include allocations for overhead (including employee benefits, payroll taxes and charges for the use of infrastructure) and reimbursement of all out-of-pocket costs and expenses (including employee meals, hotels and travel, third party insurance costs and legal and other consulting fees), but shall exclude any markup for profit.

6.2 Invoicing. On or before the fifteen (15<sup>th</sup>) day of each calendar month, the Provider shall submit an invoice for all Services performed and Administrative Charges incurred during the preceding calendar month. Each such invoice shall include an itemization of charges for Services based on the different categories of Service performed and a description of the basis of Administrative Charges incurred. Any monthly invoice may include billings to adjust or correct billings from prior periods. No less frequently than quarterly, the Provider shall provide reasonable supporting documentation to support previously invoiced charges, including hours charged for different job classifications and reconciliations against the Approved Budget.

6.3 Sales and Use Taxes. In addition to the amounts payable pursuant to Section 6.1, the Company shall pay the Provider any state or local sales or use tax or any other similar charge owed in connection with the Services and Administrative Charges (other than any such taxes or charges based on the earnings, income or net worth of the Provider). The Provider shall take reasonable actions to minimize the amount of such sales and use taxes payable hereunder.

6.4 Payment. Within thirty (30) days after the Provider submits an invoice to the Company in accordance with Section 6.2, the Company shall pay the Provider the amount of such invoice. If the Company in good faith disputes any portion of an invoice, the Company shall pay the amount invoiced and provide a written explanation of the basis for the dispute. If any amount is later determined or agreed not to have been owed by the



Company, such amount (together with interest at the Default Rate from the date of payment until the date of reimbursement) shall either be credited against the next invoice submitted by the Provider or refunded by the Provider to the Company within thirty (30) days after the resolution of the dispute. All disputes regarding invoiced amounts shall be resolved in accordance with Section 12.18.

- 6.5 Right to Review Information. The Provider shall maintain accurate documentation, records, books of account, time records, invoices, contracts, mileage records and other evidence reasonably pertinent to performance of the Services and the basis of the Administrative Charges in conformity with GAAP, Good Industry Practice and Applicable Law for a period of five (5) years after the date such Services were performed or such Administrative Charges were incurred (or such longer period as may be required by Applicable Law or necessary to support filings for third party approvals). Such information shall include documentation and information of the basis for all invoiced charges. Upon reasonable advance notice and at reasonable times, the Company shall have access to, and may examine, inspect, excerpt, audit, copy or transcribe any pertinent records to the extent relating to and reasonably necessary to confirm the Provider's performance under this Services Agreement. The Company's rights pursuant to this Section 6.5 shall be conducted in a manner that does not unreasonably interfere with the Provider's business operations. This Section 6.5 shall survive the termination of this Services Agreement.

## **ARTICLE 7 WARRANTIES**

- 7.1 Scope of Warranties. THE PROVIDER WARRANTS TO THE COMPANY THAT: (I) THE SERVICES PERFORMED DIRECTLY BY THE PROVIDER SHALL BE PERFORMED IN A GOOD AND WORKMANLIKE MANNER AND IN ACCORDANCE WITH GOOD INDUSTRY PRACTICE AND SHALL BE FREE FROM MATERIAL DEFECTS IN WORKMANSHIP OR MATERIALS; AND (II) THE SERVICES PERFORMED BY A SUBCONTRACTOR SHALL BE MANAGED BY THE PROVIDER IN ACCORDANCE WITH GOOD INDUSTRY PRACTICE.
- 7.2 Exclusive Warranties and Remedy. THE WARRANTIES CONTAINED IN THIS ARTICLE 7 ARE EXCLUSIVE, AND ARE GIVEN AND ACCEPTED IN LIEU OF ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. UPON ANY BREACH OF A WARRANTY IN THIS ARTICLE 7, THE PROVIDER'S SOLE LIABILITY AND RESPONSIBILITY AND THE COMPANY'S SOLE REMEDY SHALL BE THE REPERFORMANCE OF THE SERVICES IN ACCORDANCE WITH THIS SERVICES AGREEMENT; PROVIDED, THAT IF THE DEFECT WAS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PROVIDER, THE PROVIDER SHALL RE-PERFORM THE SERVICES AT ITS SOLE COST AND EXPENSE.

**ARTICLE 8**  
**DEFAULT AND TERMINATION**

8.1 Events of Default. Each of the following shall constitute an event of default (an “Event of Default”) with respect to a Party (such Party, the “Defaulting Party”):

- (a) such Party files a voluntary petition for bankruptcy or is adjudged bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceeding;
- (b) such Party fails to pay any amount due to the other Party under this Services Agreement on or before the payment date therefor and does not cure such failure within ten (10) days after its receipt of written notice of such failure; or
- (c) such Party breaches in any material respect any of its other obligations under this Services Agreement and fails to cure such breach within: (i) thirty (30) days of receipt of written notice of such breach from the other Party; or (ii) such longer period as may be reasonably necessary to cure such breach (not to exceed ninety (90) days) if the breach is not reasonably susceptible of cure within such thirty (30) day period and such Party diligently pursues the cure of such breach within such additional time period.

8.2 Termination for Cause.

8.2.1 Upon an Event of Default described in Sections 8.1(b) or 8.1(c), the Non-Defaulting Party may terminate this Services Agreement by providing written notice of such termination to the Defaulting Party; provided that no such Event of Default on the part of the Company caused by or resulting from the acts or omissions of a Corporate Affiliate of the Provider that is a member of the Company (a “Member”) shall constitute a basis for a termination of this Services Agreement.

8.2.2 This Services Agreement shall automatically terminate upon: (i) an Event of Default by a Party described in Section 8.1(a); or (ii) the termination of the Operating Agreement or the liquidation of the Company for any reason.

8.3 Termination by Mutual Agreement. The Parties may terminate this Services Agreement by mutual written agreement at any time.

8.4 Termination if Provider is not a Corporate Affiliate. Either Party may, upon thirty (30) days written notice, terminate this Services Agreement if neither the Provider nor any of its Corporate Affiliates is a Member; provided, that with respect to such a termination by the Provider, a Person with expertise and resources to provide the Services then being provided by the Provider has offered, or has entered into an agreement, to provide such Services on terms substantially similar to those contained in this Services Agreement.

8.5 Fines and Penalties. The Provider may charge the Company for any monetary fine or penalty assessed against the Provider by any Governmental Authority to the extent arising from the Provider's performance of the Services, unless such fine or penalty results from the Provider's gross negligence, willful misconduct or actual fraud, in which case the Provider shall be responsible for such fine or penalty. The Company may not charge the Provider for any monetary fine or penalty assessed against the Company arising from the Provider's performance of the Services unless the monetary fine or penalty is caused by the Provider's gross negligence, willful misconduct or fraud, in which case the Provider shall be responsible for such fine or penalty.

8.6 Limitations on Liability.

8.6.1 A Defaulting Party shall not be liable for damages as a result of an Event of Default unless such Event of Default is due to its gross negligence or willful misconduct.

8.6.2 EXCEPT FOR CLAIMS BASED ON ACTUAL FRAUD, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING DAMAGES FOR LOSS OF USE OF EQUIPMENT, LOST BUSINESS OPPORTUNITIES OR PROFITS OR DAMAGE TO REPUTATION), EVEN IF THE DEFAULTING PARTY WAS AWARE OF THE POSSIBILITY OF SUCH DAMAGES, AND REGARDLESS OF THE THEORY OF LIABILITY UNDER WHICH SUCH DAMAGES ARE SOUGHT; PROVIDED, THAT THE FOREGOING EXCLUSION SHALL NOT BE CONSTRUED TO LIMIT RECOVERY UNDER ANY INDEMNITY PURSUANT TO ARTICLE 10 FOR THIRD PARTY CLAIMS.

8.6.3 The Provider's aggregate liability under or related to this Services Agreement (other than any liability based on actual fraud or any indemnification liability) shall not exceed the total amount paid to the Provider pursuant to this Services Agreement for the category of Services to which the applicable breach relates.

8.7 Exclusive Remedies. Except for the remedies otherwise expressly provided herein or as otherwise agreed in writing between the Parties and except for recoveries for actual fraud, the remedies set forth in this Article 8 are the exclusive legal and equitable remedy for any claim or controversy arising under or in connection with this Services Agreement or the Services, whether sounding in contract, negligence, intentional misconduct, other tort, breach of warranty, deceptive trade practice, other statutory cause of action, strict liability, product liability or other theory of liability.

8.8 Obligations Upon Termination.

8.8.1 Upon termination of this Services Agreement for any reason, the Provider shall: (i) promptly discontinue performance of the Services; (ii) terminate any subcontracts executed by the Provider related to the Services unless the Provider, the Company and the Subcontractor enter into novations thereof; (iii) upon request by the Company, deliver to the Company all documents (including design documents in process) in the Provider's possession related to the Services; (iv) reasonably cooperate with the Company in

connection with the transition of the Services to a New Provider or potential New Provider; and (v) not be authorized to incur or charge the Company for any Administrative Charges.

8.8.2 Upon termination of this Services Agreement for any reason: (i) each Party shall pay the other Party any amounts due as of the date of such termination in accordance with the terms of this Services Agreement; and (ii) the Company shall pay the Provider for any costs and expenses incurred under any subcontracts executed by the Provider as a result of any such termination.

8.8.3 All documents required to be delivered pursuant to Section 8.8.1 shall be delivered free and clear of any liens, security interests or encumbrances, except such as may be created by the Company.

8.8.4 Except as provided herein, no action taken by the Company or the Provider after the termination of this Services Agreement shall prejudice any other rights or remedies of the Company or the Provider provided by Applicable Law, this Services Agreement or otherwise upon such termination.

8.8.5 If the Company requests that the Provider continue to provide Services after the termination of this Services Agreement, the Provider shall: (i) perform such Services for a period of up to six (6) months after termination of this Services Agreement; and (ii) reasonably assist the Company to facilitate the orderly transfer of the Services to the Company and/or to enable another party (a "New Provider") chosen by the Company to take over the provision of all or part of the Services. The Company shall pay the Provider in accordance with Section 6.1 for any Services performed pursuant to this Section 8.8.5.

## **ARTICLE 9 INSURANCE PLAN**

The Parties shall procure and maintain (or cause to be procured and maintained) insurance of the types, in the amounts and with the deductibles/retentions and waivers specified on Schedule 9 (the "Insurance Plan"). If a Party fails to carry the insurance required to be provided by it pursuant to the Insurance Plan, then the other Party on not less than ten (10) days' prior written notice may procure such insurance and shall be entitled to reimbursement therefor from the other Party on written demand. Each Party may self-insure all or any portion of the coverage required pursuant to the Insurance Plan during any period in which such Party: (a) maintains a net worth of no less than \$100,000,000; or (b) is covered by a program of self-insurance maintained by a Corporate Affiliate of such Party and either: (i) such Corporate Affiliate maintains a net worth of no less than \$100,000,000; or (ii) the obligations and liabilities of such Corporate Affiliate are guaranteed or supported by a Corporate Affiliate having a net worth of no less than \$100,000,000. Any such self-insurance shall not be deemed to transfer or alter the allocation of risks set forth in this Services Agreement.

## ARTICLE 10 INDEMNIFICATION

### 10.1 Indemnification of Third Party Claims.

10.1.1 The Company shall indemnify, defend and hold harmless the Provider, its Corporate Affiliates and its and their respective officers, directors, members, shareholders, employees, agents and representatives (each a “Provider Indemnified Person”) from and against any third-party claim, demand, action, suit, damage, liability, loss, cost or expense (including reasonable attorneys’ fees and out-of-pocket disbursements), judgment, fine, settlement or other amount (a “Claim”) incurred by any Provider Indemnified Person to the extent arising out of this Services Agreement or the activities of the Parties hereunder and resulting from or attributable to any act, omission, event or circumstance other than the gross negligence or willful misconduct of any Provider Indemnified Person.

10.1.2 The Provider shall indemnify, defend and hold harmless the Company, its members (other than the Provider or any of its Corporate Affiliates), their Corporate Affiliates and each of their respective officers, directors, members, shareholders, employees, agents and representatives (each a “Company Indemnified Person”) from and against any third-party Claim incurred by any Company Indemnified Person to the extent resulting from the gross negligence or willful misconduct of the Provider.

10.1.3 Sections 10.1.1 and 10.1.2 are subject to the limitations on liability in Section 8.6.2.

### 10.2 Indemnification Procedures.

10.2.1 If a Party (an “Indemnifying Party”) is obligated hereunder to indemnify, defend and hold harmless an Indemnified Person hereunder, such Indemnified Person shall give notice as promptly as is reasonably practicable to the Indemnifying Party of the Claim giving rise to such indemnification obligation; provided, that a delay by an Indemnified Person in delivering such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent (if any) that the Indemnifying Party shall have been materially prejudiced thereby. Provided that it first unconditionally acknowledges in writing its indemnification obligations hereunder, such Indemnifying Party shall have the right to control the defense and settlement of such Claim with counsel reasonably acceptable to it; provided, that the Indemnified Person may retain counsel at its expense to assist in the defense and settlement of such Claim. Without the prior written consent of the Indemnified Person, which consent shall not be unreasonably withheld, delayed or conditioned, the Indemnifying Party shall not enter into any settlement of any Claim which would lead to liability or create any financial or other obligation on the part of the Indemnified Person. If a firm offer is made to settle a Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Person and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to the Indemnified Person to that effect. If the Indemnified Person fails to consent to such offer within twenty (20) days after its receipt of such

notice, the Indemnifying Party shall be relieved of its obligations to defend such Claim and the Indemnified Person may contest or defend such Claim. In such event, the maximum liability of the Indemnifying Party with respect to such Claim shall be the amount of such settlement offer plus reasonable costs and expenses paid or incurred by the Indemnified Person up to the date of such notice.

10.2.2 If an Indemnifying Party fails to assume the defense of a Claim for which an Indemnified Person seeks indemnification hereunder, the Indemnified Person shall have the right to control the defense and settlement of such Claim with counsel reasonably acceptable to it, at the sole cost and expense of the Indemnifying Party.

10.3 Subrogation. In the event that an Indemnifying Party pays all or any portion of a Claim, the Indemnifying Party shall be subrogated to any and all defenses, claims or other matters which the Indemnified Person asserted or could have asserted against the Person making such Claim, and all related cross-claims that the Indemnified Person asserted or could have asserted against other Persons. The Indemnified Person shall execute and deliver to the Indemnifying Party (at the Indemnifying Party's expense) such documents as may be reasonably necessary to establish, by way of subrogation, the ability of the Indemnifying Party to assert such defenses, claims, cross-claims or other matters.

10.4 Survival. This Article 10 shall survive the termination of this Services Agreement.

## ARTICLE 11 EXCUSED PERFORMANCE

11.1 Force Majeure. Neither Party shall be responsible for any delay or failure to perform hereunder (other than any obligation to pay money) if such delay or failure to perform is attributable to an event of Force Majeure; provided, that:

- (a) the excused Party oversees such interruption in accordance with Good Industry Practice to the extent practicable;
- (b) the excused Party, within ten (10) days after the occurrence of the Force Majeure event, gives the other Party written notice describing the particulars of the occurrence;
- (c) the suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure event;
- (d) the excused Party uses its reasonable efforts to remedy its inability to perform (provided, however, that no Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest, it being understood that the settlement of strikes, walkouts, lockouts or other labor disputes shall be at the sole discretion of the Party involved); and

- (e) when the excused Party is able to resume performance of its obligations under this Services Agreement, that Party shall give the other Party written notice to that effect.
- 11.2 Change in Law. In the event a Party is unable to perform any obligation hereunder due to any change in any Applicable Law, the Parties shall attempt in good faith to amend this Services Agreement as necessary to permit such Party to comply with the change in Applicable Law while preserving the purpose and value of this Services Agreement (including tax and accounting treatment of the Parties) for both Parties. If the Parties are unable to reach agreement on such an amendment, the Party affected by the change in Applicable Law shall be excused from the performance of that obligation to the extent so affected.
- 11.3 Emergencies. Notwithstanding any other provision of this Services Agreement, if the Provider believes in good faith that a condition or circumstance that threatens imminent harm to persons, property or the environment exists or has occurred or that the performance of any of the Services would (in the reasonable judgment of the Provider) create an unreasonable safety risk to persons, property or the environment, or would violate the Provider's safety policies or procedures (each of the foregoing, an "Emergency"), the Provider may discontinue performance until such time as the Services can be performed safely and in conformity with such policies and procedures. Additionally, if prompt action within the scope of any Services is required to avoid or mitigate losses from an Emergency, the Provider shall take such reasonable actions, or cause such actions to be taken, in the Provider's reasonable judgment, to the extent required to avoid or mitigate the Emergency. The Provider shall promptly notify the Company of the Emergency, and the remedial and preventive actions taken and the costs incurred or reasonably expected to be incurred. Unless the Emergency is the direct result of gross negligence or willful misconduct of the Provider's officers, directors, agents or personnel (acting within the course and scope of their employment by the Provider), the costs incurred for actions taken pursuant to this Section 11.3 and the costs incurred as the result of any necessary delay shall be paid or reimbursed by the Company in accordance with Article 7.

## ARTICLE 12 GENERAL PROVISIONS

- 12.1 Confidentiality Agreement. Each Party agrees that the provisions of Section 20 of the Operating Agreement shall apply to all Confidential Information disclosed or made available by a Party to the other Party pursuant to this Services Agreement.
- 12.2 Interest on Overdue Amounts. Any amount due to a Party under this Services Agreement shall accrue interest daily from the deadline for payment thereof until paid at the Default Rate.
- 12.3 Assignment. Neither Party may assign this Services Agreement or any of its rights hereunder or delegate any of its duties hereunder to any Person without the prior written consent of the other Party. Notwithstanding the foregoing, the Provider may assign this

Services Agreement to any of its Corporate Affiliates without the Company's consent if the proposed assignee has the expertise, resources and capability to perform the Services and agrees in writing to be bound by the terms of this Services Agreement. The Provider shall be relieved of and released from its obligations under this Services Agreement from and after any such assignment.

12.4 Setoff. A Party may offset any amounts it owes to the other Party pursuant to this Services Agreement by any amount such other Party owes to it pursuant to this Services Agreement.

12.5 Applicable Law. This Services Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Delaware, without regard to its conflict of laws principles.

12.6 Binding Agreement; No Third Party Beneficiaries. This Services Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns. Nothing in this Services Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations or liabilities under or by reason of this Services Agreement, except as expressly provided herein.

12.7 Notices.

12.7.1 All notices, demands, requests or communications which are required or authorized by this Services Agreement are to be in writing and delivered via personal delivery, mailed by registered or certified mail (return receipt requested) postage prepaid, sent prepaid by overnight air courier or facsimile to the addresses designated for each Party on Schedule 12.7, as such Schedule may be modified from time to time.

12.7.2 All such notices, demands, requests or communications shall be deemed to have been given and duly received: (i) on the third (3rd) Business Day after posting if mailed as provided; (ii) when delivered personally (including delivery by private courier services) unless such day is not a Business Day, in which case such delivery will be deemed to be made as of the next succeeding Business Day; or (iii) if sent by facsimile, when receipt is evidenced by written confirmation generated by the recipient's facsimile machine showing successful transmission.

12.7.3 Either Party may from time to time specify a different address by notice to the other Party.

12.8 Terminology. All personal pronouns used in this Services Agreement, whether masculine, feminine or neuter, shall include all other genders, and the singular shall include the plural and vice versa whenever the context requires.

12.9 Entire Agreement. This Services Agreement, including the Schedules, contains the entire agreement between the Parties with respect to the matters it purports to cover. This Services Agreement supersedes any prior understanding or oral or written agreement between the Parties respecting the subject matter of this Services Agreement.



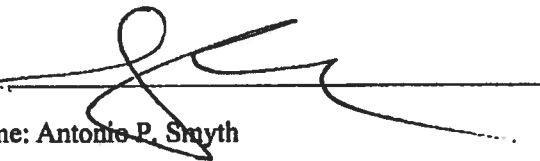
- 12.10 Severability. If any one or more of the provisions contained in this Services Agreement, or the application thereof to any Party or to circumstances that may arise hereunder, shall for any reason be held to be invalid, illegal or unenforceable in any respect, the remainder of this Services Agreement and the application of such provision(s) to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by Applicable Law.
- 12.11 Other Instruments. The Parties covenant and agree that they will execute such other and further instruments and documents as are or may become reasonably necessary or convenient to effectuate and carry out the purposes of this Services Agreement.
- 12.12 Amendments. This Services Agreement may only be amended or modified by a written instrument signed by all Parties.
- 12.13 Waivers. No waiver of this Services Agreement, or any part hereof, shall be binding unless made in writing and signed by the Party to be charged with such waiver. No waiver of any breach or condition of this Services Agreement shall be deemed to be a waiver of any subsequent breach or other condition whether of like or different nature.
- 12.14 Counterparts. This Services Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. An executed counterpart may be delivered by facsimile or electronic mail and, when so delivered, shall be legally enforceable in accordance with its terms.
- 12.15 Costs. Each Party shall be responsible for its own costs incurred in connection with the negotiation of this Services Agreement.
- 12.16 WAIVER OF RIGHT TO JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, AND AS SEPARATELY BARGAINED-FOR CONSIDERATION, EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATING TO THE SERVICES OR THIS SERVICES AGREEMENT.
- 12.17 Survival. Any provision specifically designated in this Services Agreement to survive the termination hereof and (unless otherwise expressly provided) any other provision which, by its nature, necessarily may become performable by a Party after termination of this Services Agreement shall survive the expiration of earlier termination of this Services Agreement.
- 12.18 Dispute Resolution. In the event of any failure of the Provider and the Company to reach agreement on any material matter hereunder, a senior executive officer of the Provider and a senior executive officer of a Member that is not a Corporate Affiliate of the Provider shall meet to attempt to resolve any such dispute in good faith. If agreement cannot be reached between such officers within fifteen (15) days (or such longer period as may be agreed between such officers), the Parties shall be free to pursue any other remedy available at law or in equity.

*The next page is the signature page*

IN WITNESS WHEREOF, the Parties have executed this Services Agreement as of the date first set forth above.

**COMPANY**

TRANSOURCE ENERGY, LLC

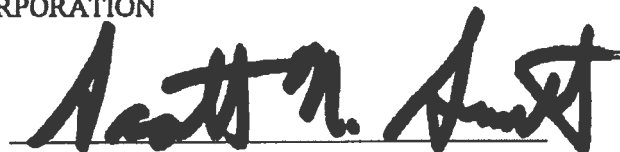
By: 

Name: Antonio P. Smyth

Title: President

**PROVIDER**

AMERICAN ELECTRIC POWER SERVICE  
CORPORATION

By: 

Name: Scott N. Smith

Title: Senior Vice President

*Signature Page to AEPSC Services Agreement*

## SCHEDULE 1.1 DEFINITIONS

“Administrative Charges” means the costs and expenses of any personnel of the Provider or any of its Corporate Affiliates who perform or conduct the duties or functions described in Section 2.8.1, which charges shall be determined in accordance with Section 6.1.

“Applicable Law” means: (i) any statute, law, ordinance, executive order, rule or regulation; (ii) any guideline or notice having force of law, including any applicable requirements of NERC or a regional transmission organization or similar planning authority; or (iii) any approval, permit, code, standard of conduct, regulatory code of conduct, license, franchise, judgment, order, decree, injunction, or writ of any Governmental Authority applicable to a specified Person or specified property, in each case as in effect from time to time.

“Approved Budget” has the meaning set forth in Section 2.6.1.

“Business Day” means any working day in the United States other than a Saturday, Sunday or a day on which banks located in New York, New York are authorized or required by Applicable Law to close.

“Claim” has the meaning set forth in Section 10.1.1.

“Company” has the meaning set forth in the preamble hereto.

“Company Project” means any electric transmission project approved by the Company in accordance with and pursuant to the Operating Agreement.

“Company Indemnified Person” has the meaning set forth in Section 10.1.2.

“Confidential Information” has the meaning set forth in the Operating Agreement.

“Contract” means any legally binding contract, agreement, arrangement, bond, instrument, note, mortgage, license or other instrument of any kind.

“Corporate Affiliate” of a specified Person means any other Person (other than a natural person) that directly or indirectly controls, is controlled by or is under common control with the Person specified. For purposes of this definition, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by Contract or otherwise); provided, that, in any event, any Person that owns directly or indirectly securities having at least fifty percent (50%) of the voting power for the election of directors or other members of the governing body of a corporation or at least fifty percent (50%) of the partnership or other ownership interests (that carry voting power) of any other Person will be deemed to control such corporation or other Person.

“Default Rate” means the prime rate in effect from time to time as published by The Wall Street Journal (and generally defined therein as the base rate on corporate loans posted by at least

seventy-five percent (75%) of the nation's thirty (30) largest banks) plus five percent (5%) or, if less, the maximum annual interest rate permitted by Applicable Law.

“Defaulting Party” has the meaning set forth in Section 8.1.

“Effective Date” has the meaning set forth in the preamble hereto.

“Emergency” has the meaning set forth in Section 11.3.

“Environmental Laws” means all federal, state or local laws, foreign law, treaty or international agreement and all licenses, permits, authorizations, approvals, consents, judicial or administrative orders, judgments, decrees, directives, injunctions, requirements or agreements of or with any Governmental Authority, in each case relating to: (i) pollution, protection, restoration or preservation of public health and the environment; (ii) human health or safety; or (iii) exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release, threatened release or disposal of, Hazardous Materials, including the Federal Water Pollution Control Act (33 U.S.C. §§ 1251 et seq.), the Resources Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.), the Safe Drinking Water Act (42 U.S.C. §§ 3000(f) et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), the Clean Water Act (33 U.S.C. §§ 1311 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. §§ 11001 et seq.), the Occupational Safety and Health Act of 1970 (29 U.S.C. §§ 651 et seq.), the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. §§ 1201 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §§ 136 et seq.) and the Oil Pollution Act (33 U.S.C. §§ 2701 et seq.) and any similar state law.

“Event of Default” has the meaning set forth in Section 8.1.

“FERC” means the Federal Energy Regulatory Commission.

“Force Majeure” means any circumstance or cause reasonably beyond a Party's control, which could not reasonably be prevented, avoided or removed with the exercise of reasonable diligence of the affected Party, and which causes such Party to be delayed in the performance of, or unable to perform, its obligations under this Services Agreement. Such causes may include, to the extent they meet the foregoing criteria, condemnation, expropriation, invasion, plague, drought, landslide, hurricane, flood, lightning, tornado, storm, earthquake, fire, explosion, epidemic, quarantine, war (declared or undeclared), terrorism or other armed conflict, material physical damage to the Company's property caused by third parties, inability to gain access to real property as necessary to perform Services (except to the extent that the failure to gain access is the result of the acts or omissions of the affected Party or its Corporate Affiliates), riot or similar civil disturbance or commotion, other act of God, act of the public enemy, blockade, insurrection, sabotage or vandalism, embargo, change in Applicable Law as described in Section 11.2, an act of any Governmental Authority, regional transmission organization or similar planning authority and labor strikes, work stoppages or other labor unrest.

“Good Industry Practice” means the practices, methods and acts engaged in or approved by a significant portion of electric transmission project developers and owners in the United States during the relevant time period, or any of the practices, methods and acts that, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, would have been expected by a significant portion of such Persons to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition; provided, however, that Good Industry Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is intended to include generally accepted practices, methods or acts.

“Governmental Authority” means: (i) any federal, state, foreign, tribal, local or municipal governmental body; and (ii) any governmental, regulatory or administrative agency, commission, body, instrumentality or other authority exercising or entitled to exercise executive, judicial, legislative, administrative, regulatory or taxing authority or power, including any court or other tribunal.

“Indemnified Person” means a Company Indemnified Person or a Provider Indemnified Person.

“Indemnifying Party” has the meaning set forth in Section 10.2.1.

“Intellectual Property Rights” means any or all of the following: (i) all United States, international and foreign patent rights, patents and applications therefor and all reissues, divisions, extensions, provisionals, continuations and continuations-in-part thereof; (ii) all copyrights, copyright and mask work registrations and applications therefor and all other rights corresponding thereto throughout the world; (iii) all trade secret rights throughout the world; (iv) all rights under agreements relating to any of the foregoing; and (v) any similar or equivalent rights anywhere in the world.

“Insurance Plan” has the meaning set forth in Article 9.

“Member” has the meaning set forth in Section 8.2.1.

“NERC” means the North American Electric Reliability Corporation.

“New Provider” has the meaning given to it in Section 8.8.5.

“Non-Defaulting Party” means, with respect to an Event of Default, the Party that is not the Defaulting Party.

“Operating Agreement” has the meaning set forth in the recitals hereto.

“Party” and “Parties” have the meanings set forth in the preamble hereto.

“Person” means an individual, trust, estate, corporation, partnership, joint venture, limited liability company, business trust, unincorporated association or Governmental Authority.

“Proprietary Property” means, to the extent not in the public domain, any: (i) discoveries, inventions (whether patentable or not), invention disclosures, improvements (whether patentable

or not), formulae, formulations and know-how; (ii) technical and product specifications, equipment descriptions, plans, layouts, drawings, computer programs, assemblies, quality control procedures, installation procedures, operating procedures, operating and/or maintenance manuals, instructions and other user documentation, technical and marketing information, designs, data and/or other similar items; (iii) other trade secrets, copyrightable material or proprietary information; and (iv) all documentation of any of the foregoing.

“Provider” has the meaning set forth in the preamble hereto.

“Provider Indemnified Person” has the meaning set forth in Section 10.1.1.

“SEC” means the U.S. Securities and Exchange Commission.

“Services” means, with respect to any period of time, all of the services described in Schedule 2.1 that the Company has requested the Provider to perform for such period pursuant to this Services Agreement.

“Services Agreement” has the meaning set forth in the preamble hereto.

“Services Agreements” means this Services Agreement and the Services Agreement of even date herewith by and between the Company and Kansas City Power & Light Company.

“SPP Project Company” and “SPP Project Companies” have the meanings set forth in the recitals hereto.

“SPP Project Support Agreements” means: (i) the Support Agreement by and between Kansas City Power & Light Company, as the “Owner” and the Company; and (ii) the Support Agreement by and between KCP&L Greater Missouri Operations Company, as the “Owner” and the Company.

“SPP Projects” means the two (2) electric transmission projects under development by the SPP Project Companies as of the Effective Date that are expected to be transferred to the Company or a Subsidiary in accordance with the terms of the Operating Agreement.

“Subcontractor” has the meaning set forth in Section 2.5.2.

“Subsidiary” and “Subsidiaries” have the meanings set forth in the recitals hereto.

“Term” has the meaning set forth in Section 5.1.

“Work Product” has the meaning set forth in Section 4.1.

## SCHEDULE 2.1 SERVICES

### BUSINESS SERVICES

1. Providing personnel as may be reasonably necessary to manage, administer and oversee the Company's and the Subsidiaries' affairs and activities, including pursuing, studying and evaluating opportunities to develop or acquire Company Projects.
2. Administering, in the name and on behalf of the Company and each of its Subsidiaries, billing for services and collection of amounts due to the Company and each of its Subsidiaries.
3. Establishing, in the name and on behalf of the Company and each of its Subsidiaries as the representative of the Company and each of its Subsidiaries, one or more bank accounts and other collection, cash management and disbursement facilities as the Company deems appropriate (with the Provider's personnel having appropriate signature authority) and using such facilities to collect sums due to the Company and its Subsidiaries from any source and, subject to the terms of this Services Agreement and this Schedule, administering the payment of all sums owed by the Company or any Subsidiary. The Provider shall not commingle the Company's or any Subsidiary's funds with the funds of any other Person, including the Provider. The Provider's obligations to disburse funds shall not obligate it to make any disbursement unless the Company or a Subsidiary, as applicable, has funds sufficient therefor and such funds are available for disbursement.
4. Preparing and delivering to the Company, at times and with frequencies determined by the Company (but no less frequently than annually), a budget (the "Consolidated Budget") setting forth in reasonable detail all costs and expenses anticipated to be incurred or accrued by the Company in connection with the operation of the Company and its Subsidiaries during each calendar year, including the costs and expenses to be incurred or accrued by the Company pursuant to each budget delivered to the Company pursuant to the Services Agreements. Each Consolidated Budget shall be in a form reasonably satisfactory to the Company and shall include: (i) costs anticipated to be incurred, and revenues anticipated to be received, by the Company and each of its Subsidiaries, including pursuant to the Services Agreements; (ii) construction costs anticipated to be incurred by the Company and each of its Subsidiaries during such calendar year; (iii) an estimate of the operating and maintenance costs of the Company and each of its Subsidiaries for such calendar year, including appropriate contingency reserves; (iv) an estimate of the capital costs of the Company and each of its Subsidiaries during such calendar year; (v) a schedule of funds required to operate and maintain the Company and each of its Subsidiaries for such calendar year and the assets of the Company and such Subsidiaries, including a schedule of anticipated capital requirements for such calendar year; and (vi) a three-year forecast of the construction, operating and maintenance and capital costs of the Company and each of its Subsidiaries. The Provider shall, from time to time, revise the Consolidated Budget as reasonably necessary or as requested by the Company.
5. Preparing and delivering to the Company at times and with frequencies determined by the Company (but no less frequently than annually), a report (the "Consolidated Cost Report")

SCHEDULE 2.1-1

setting forth in reasonable detail all costs and expenses actually incurred or accrued by the Company and each of its Subsidiaries.

6. Managing the Company's and, to the extent applicable, each of its Subsidiaries', internal accounting, internal and external auditing, control (including providing reasonable assistance to facilitate the compliance by each Member with the Sarbanes-Oxley Act) and treasury functions.

7. Engaging and directing, in the name and on behalf of the Company, accountants, consultants and experts as appropriate.

8. Designing and administering a system of controls for the activities, obligations and expenditures of the Company and its Subsidiaries.

9. Managing the investment of the Company's and, to the extent applicable, each of its Subsidiaries' funds so as to provide adequate liquidity for the Company's and each of its Subsidiaries' operations, protect against investment losses and earn investment returns commensurate with such requirements of liquidity and safety. The Provider shall not commingle the Company's investments with the investments of any other Person, including the Provider.

10. Preparing and delivering to the Company the following financial information:

- a. on a monthly basis, preliminary trial balances and consolidating financials for the immediately preceding calendar month subtotaled in a format consistent with the financial statements delivered pursuant to paragraph (b)(i) below;
- b. on a monthly basis:
  - i. statements of operations, statements of financial position and statements of cash flows for the immediately preceding calendar month consistent with the reporting requirements of the SEC;
  - ii. detailed trial balances for the immediately preceding calendar month utilizing FERC accounts summarized in a manner so as to tie directly into the lines on the financial statements delivered pursuant to clause (i) above;
  - iii. analyses of fluctuations in major financial statement caption lines for the immediately preceding calendar month which compare those lines to the information for the prior period (prepared on a year-to-date and quarter-to-date basis); and
  - iv. work papers supporting the determination of the statements of cash flows for the immediately preceding calendar month; and
- c. any other financial information reasonably requested by the Company in connection with the Company's, or any Member's, consolidated financial reports and analyses.

#### SCHEDULE 2.1-2



11. Supporting the Company and the Members in documenting the controls over financial reporting associated with the Company and its businesses.
12. Preparing and filing FERC Form 1's and FERC Form 3Q's on behalf of the Company and each of its Subsidiaries.
13. Managing the Company's and each of its Subsidiaries' internal and external legal services.
14. Maintaining documents and records of the Company and each of its Subsidiaries.
15. The Parties shall cooperate and support orderly transitions of the accounting function related to commencement and termination of Business Services.

### **TAX COMPLIANCE SERVICES**

1. Managing the Company's and each of its Subsidiaries' tax compliance function, including preparing (or causing to be prepared) and submitting to the Company for approval, signing and filing, all local, state and federal tax returns (including information returns, reports, estimates and other similar information filed with a taxing authority).
2. Assisting the Company and each of its Subsidiaries in connection with any audits, investigations or other inquiries by a taxing authority.
3. Preparing and providing to the Company any information concerning the Company necessary for the preparation of any Member's income tax return(s).

### **RISK MANAGEMENT SERVICES**

1. Recommending to the Company a risk management plan, including an insurance portfolio for the Company's and each of its Subsidiaries' properties and operations and other elements of the Company's and each of its Subsidiaries' risk (including liquidity, cash flow and credit risk) for the Company's approval.
2. Reviewing the Company's risk management plan on an annual basis (or more frequently if requested by the Company) and, to the extent applicable, recommending suggested modifications.
3. Administering the implementation and maintenance of the insurance portfolio and risk management plan approved by the Company from time to time.
4. Managing any claims made by or against the Company, including managing the settlement of claims under the Company's and each of its Subsidiaries' insurance portfolio. The

### **SCHEDULE 2.1-3**

Provider shall not make any ultimate agreement on settlement without the prior approval of the Company.

## **SITING AND LAND ACQUISITION SERVICES**

1. Analyzing and making recommendations to the Company with respect to the siting of the Company Projects (including conducting all necessary studies, public workshops and other public communication activities with respect to such siting). The Provider's recommendations shall be based on the applicable requirements of regional transmission organizations and similar planning authorities, local land use and zoning considerations and geology and geography.
2. With respect to any real property interest on which the Company Projects are, or are expected, to be situated: (i) conducting appropriate environmental due diligence; (ii) obtaining appropriate rights to enter such real property interest for inspection and surveying; (iii) obtaining appropriate title work; (iv) managing the acquisition of such real property interest on behalf of the Company and each of its Subsidiaries; and (v) procuring (or managing, overseeing and prosecuting, in the name and on behalf of the Company and each of its Subsidiaries, the procurement of) any Third Party Approvals required to use or access such real property interest.
3. With respect to any real property interest on which the Company Projects are, or are expected, to be situated, documenting such real property interest by files and maps, in accordance with formats reasonably acceptable to the Company and providing surveys as needed to obtain such real property interest.
4. With respect to any real property interest on which the Company Projects are, or are expected, to be situated, identifying landowners and required crossing locations and managing communications with such landowners so as to obtain required permissions.
5. With respect to any real property interest on which the Company Projects are, or are expected, to be situated, negotiating, on a case by case basis, the terms for the acquisition of each parcel of such real property interest, including all monetary payments associated therewith; provided, that the Provider shall not enter into any agreement or bind the Company or any of its Subsidiaries in respect of such real property interest without the Company's or such Subsidiaries' express written consent. The Provider provides no guarantee that any such real property interest can be obtained, nor does it guarantee that the transmission line routes that the Company selects will ultimately receive necessary Third Party Approvals.
6. Providing the Company with a written plan (the "Right-of-Way Acquisition Plan") for the acquisition of all real property interests on which the Company Projects are, or are expected, to be situated, which plan shall include: (i) a schedule for the acquisition of real property interests, including identification of real property interests and locations thereof, that will need to be acquired; (ii) the timing of optioning and acquiring such real property interests; and (iii) guidelines and procedures to be utilized by the Provider in negotiating the acquisition of such real property interests. The Provider shall amend or update the Right-of-Way Acquisition Plan as reasonably necessary. The Provider shall diligently proceed to implement the Right-of-Way Acquisition Plan.

### SCHEDULE 2.1-4

7. Providing the Company and each of its Subsidiaries with a written summary and instructions for reasonable access (and any applicable restrictions) to the real property interests on which the Company Projects are, or are expected, to be situated to facilitate the Engineering and Design Services and the Construction Services.

8. All real property interests shall be acquired, and any options with respect thereto shall be executed, in the name of the Company or a Subsidiary pursuant to forms of agreement(s) approved by the Company. Any amounts owed to landowners in respect of the acquisition of real property interests shall be paid directly by the Company or a Subsidiary.

9. The Siting and Land Acquisition Services shall not include initiating or managing litigation to condemn real property interests; provided, that the Provider shall cooperate with, and provide support to, the Company and each of its Subsidiaries and their respective legal counsel with respect to any such litigation, including providing evidence and testimony regarding valuation, prior negotiations and other matters related to the condemnation.

## **REGULATORY SERVICES**

1. Drafting, preparing, filing, monitoring and prosecuting all applications and other documentation in an effort to obtain Third Party Approvals (including such Third Party Approvals pursuant to Environmental Laws and federal and state energy regulatory laws) necessary for the Company and each of its Subsidiaries to develop, construct, own, operate, maintain, repair and replace the Company Projects.

2. Engaging and directing outside legal counsel as appropriate in connection with the foregoing activities.

## **PROCUREMENT SERVICES**

1. Managing procurement activities, including: (i) identifying qualified vendors and equipment and material suppliers; (ii) conducting requests for information; (iii) conducting requests for quotations; (iv) conducting negotiations; (v) recommending awards of contracts; (vi) preparing prudency reviews; and (vii) developing vendor and equipment and material supply contracts.

2. Managing equipment and material delivery to the job site for the Company Projects including: (i) providing equipment and material expediting services; (ii) coordinating equipment and material delivery; and (iii) coordinating storage requirements with service providers providing Construction Services.

3. Preparing and submitting to the Company and each of its Subsidiaries for its approval bid packages for all contracts, purchase orders, bills of sale or other agreements to be entered into by the Company and/or any of its Subsidiaries, on the one hand, and any other Person other than the Provider or any Affiliate of the Provider, on the other hand, in connection with any service to be

provided to or for the Company or any of its Subsidiaries or any materials or equipment to be purchased by the Company or any such Subsidiaries (“Direct Contracts”) necessary in connection with the development, construction, ownership, operation, maintenance, repair or replacement of the Company Projects.

4. Negotiating Direct Contracts on behalf of the Company and its Subsidiaries, subject to direction and advice from the Company and/or such Subsidiaries, as applicable.
5. Managing and administering, and performing inventory control and other contract management services with respect to, Direct Contracts.
6. Processing and prosecuting, on behalf and in the name of the Company and its Subsidiaries, any warranty or other claims with respect to Direct Contracts.
7. On an annual basis, submitting to the Company a budget setting forth the costs and expenses anticipated to be incurred or accrued with respect to Direct Contracts. The Provider shall submit to the Company updates to such budget from time to time as necessary to reflect material changes thereto.
8. The Provider shall perform the Procurement Services in compliance with any procurement policies and procedures adopted by the Company and each of its Subsidiaries.

#### **ENGINEERING AND DESIGN SERVICES**

1. Engineering and designing the Company Projects, including: (i) specifying materials and equipment to be incorporated therein; (ii) developing conceptual designs and detailed designs; (iii) preparing construction drawings and as-built drawings; (iv) preparing design calculations; (v) performing engineering design services related to the real property on which the Company Projects are to be situated (including preparing surveys, environmental analyses and reports, soils and subsurface studies and preliminary Phase I reports); (vi) conducting necessary core borings on the real property on which the Company Projects are to be situated; (vii) performing any engineering necessary to facilitate transportation and delivery of equipment and materials in connection with the Services, including the transportation and delivery of materials to work sites; and (viii) procuring (or managing, overseeing and prosecuting, in the name and on behalf of the Company and/or any of its Subsidiaries, the procurement of) any necessary Third Party Approvals for the design and engineering of the Company Projects.
2. Providing to the Company and its Subsidiaries for their review and comment: (i) all initial design drawings of the Company Projects; (ii) all detailed and working drawings, specifications, engineering calculations and other documents prepared in connection with the engineering and design of such Company Projects; and (iii) all detailed construction drawings of the Company Projects. In addition, the Provider shall provide the Company and its Subsidiaries with access, at reasonable times, to design and engineering methods, calculations and data used in performing the Engineering and Design Services.

#### SCHEDULE 2.1-6

3. Notwithstanding any other provision of this Services Agreement or this Schedule, submitting each of the following items (including all conceptual and detailed designs, all construction and as-built drawings and all design calculations related thereto) to the Company and its Subsidiaries for their review, comment and final approval; provided, that if the Company or any Subsidiary fails to approve any such item, the Company and such Subsidiary shall cooperate with the Provider to develop an alternative to such item that is acceptable to the Company and such Subsidiary and consistent with Good Industry Practice:

- a. loading criteria for line structures;
- b. insulator types;
- c. the need for and application of optical ground wire for shield wires;
- d. the design approach for overall voltage protection;
- e. line and station naming conventions; and
- f. testing and commissioning plans.

4. Delivering, at a minimum, the following items to the Company and its Subsidiaries, on a schedule to be agreed upon by the Provider and the Company or such Subsidiary: (i) results of EMF, noise and corona studies; (ii) plan and profile drawings in Microstation and paper format; (iii) field data (staking sheets); (iv) PLS CADD models; (v) copies of detailed drawings, specifications and calculations prepared in connection with the design of the Company Projects; and (vi) a final engineering package to support the Company's and its Subsidiaries' maintenance activities.

5. The Provider shall not have any authority to modify any specification for a Company Project, once it has been approved by the Company or a Subsidiary, without the consent of the Company or such Subsidiary.

## **CONSTRUCTION SERVICES**

1. Managing the construction of the Company Projects and the installation of the facilities comprising such projects, including: (i) providing appropriate environmental, safety and quality assurance/control compliance measures; (ii) managing relationships with affected landowners during construction activities including settling construction damage claims; (iii) inspecting and testing the construction as necessary and appropriate; (iv) performing any necessary maintenance before the Company Projects are energized (other than merely for test purposes); (v) managing the placement of the Company Projects in service; and (vi) procuring (or managing, overseeing and prosecuting, in the name and on behalf of the Company or any Subsidiary, the procurement of) all Third Party Approvals necessary for the construction of the Company Projects.

2. Preparing and delivering to the Company and its Subsidiaries construction schedules for the Company Projects (each, a "Construction Schedule") setting forth, at a minimum:

### SCHEDULE 2.1-7

(i) preliminary due dates for construction progress reports to be delivered by the Provider to the Company and its Subsidiaries during the construction period; (ii) proposed key milestone dates for the construction of the Company Projects; and (iii) a projected date for the completion of the Company Projects. The Construction Schedule shall be in a form reasonably acceptable to the Company and its Subsidiary. The Provider shall update the Construction Schedule from time to time as reasonably necessary or as reasonably requested by the Company or such Subsidiary. The Construction Schedule is a planning document only and shall not be binding on the Parties.

3. Notwithstanding any other provision of this Schedule 8, the Provider shall not have any authority to modify any specification for a Company Project, once it has been approved by the Company or a Subsidiary, without the consent of the Company or such Subsidiary.

### **OPERATION AND MAINTENANCE SERVICES**

1. Coordinating interconnection activities with other parties and administering the interconnection agreements and related agreements of the Company and each of its Subsidiaries with transmission and distribution providers to which the Company Projects are interconnected and with generators whose generation facilities are interconnected with the Company Projects.

2. Negotiating interconnection and related agreements, administering the performance of the Company and each of its Subsidiaries under such agreements, enforcing the Company's and its Subsidiaries' rights under such agreements and managing communications with the counterparties thereto under or concerning such agreements.

3. Being responsible for the maintenance and repair of the Company Projects, including: (i) conducting periodic patrols and inspection of the Company Projects and the Company's and its Subsidiaries' right-of-way areas; (ii) periodically clearing right-of-way areas; (iii) periodically testing the Company Projects; and (iv) replacing worn or broken parts.

4. Performing local field operations for the Company Projects, including switching, diagnostic testing and analysis, calibration, and other similar activities deemed necessary or appropriate from time to time by the Provider to facilitate the O&M Services.

5. Providing system control and data services, including all services to supervise, monitor, control, dispatch, restore and maintain operational data for the Company Projects in coordination with applicable requirements of regional transmission organizations and similar planning authorities.

6. Procuring and warehousing replacement parts in accordance with Good Industry Practice.

7. Performing and providing all engineering necessary to support the O&M Services.

8. Performing any other service or activity necessary or appropriate from time to time to maintain and operate the Company Projects in accordance with the Provider's maintenance and quality assurance/control and safety guidelines.

### **SCHEDULE 2.1-8**

9. Cooperating and coordinating its activities with the activities of the Company and its Subsidiaries, on the one hand, and those of any Person providing operation or maintenance services, on the other hand, so as to minimize delays, errors, inconsistencies, changes and unnecessary costs.

## **WEB HOSTING SERVICES**

1. Establishing, operating, maintaining and updating and granting the Company and its Subsidiaries access to an internet website that will enable the Company and its Subsidiaries to interface with all visitors to the website, including the Company's and its Subsidiaries' subcontractors, suppliers and vendors.

2. Without limiting any obligations the Provider may have in connection with any Services, the Provider shall have no obligation to validate the content, correctness or usability of any trademarks, trade names, logos, characters, written materials, graphics, photographs or other materials provided by the Company or any Subsidiary to the Provider, in whatever form or media ("Company Content"). All deliverables and other materials developed or prepared for the Company or its Subsidiaries by the Provider, all Company Content and the look and feel of the internet website, together with all patent rights, copyrights, trademarks, trade names and other proprietary rights (collectively, "Company Materials") are, and shall at all times be, the exclusive property of the Company. All Company Materials that constitute works of authorship shall be deemed to be works made for hire to the extent permissible under the federal copyright laws.

3. In the event the Provider enters into a subcontract to provide the Web Hosting Services, the obligations, responsibilities and liabilities of the Provider to the Company and its Subsidiaries with respect to Web Hosting Services shall not be more onerous than the obligations, responsibilities and liabilities of such Subcontractor pursuant to the terms of such subcontract.

## **SPP PROJECT SERVICES**

1. With respect to each SPP Project, assisting and supporting the Company in its efforts to obtain, for or in the name of the Company or a Subsidiary designated by the Company, a "Line Certificate" from the Missouri Public Service Commission and a FERC formula rate under Section 205 of the Federal Power Act.

2. Assisting and supporting the Company in its efforts to obtain, for or in the name of the Company or a Subsidiary designated by the Company, any other Third Party Approvals necessary to novate, transfer, assign and convey the SPP Projects to the Company or a Subsidiary.

3. To the extent that an SPP Project Company requests the Company to perform any Services, the Provider shall perform such Services on behalf of such SPP Project Company.

## **SCHEDULE 2.1-9**

4. Assisting and supporting the Company in reviewing, commenting on and making recommendations on contracts and other documents being negotiated, developed or reviewed by an SPP Project Company in connection with the SPP Projects.

5. Assisting and supporting the Company in performing any review or analysis pertaining to the SPP Projects or the activities of the SPP Project Companies in connection therewith.

SCHEDULE 2.1-10



**SCHEDULE 9  
INSURANCE PLAN**

**I. PROVIDER INSURANCE**

Workers' Compensation/Employers' Liability Insurance.

The Provider shall maintain Workers' Compensation Insurance or qualified self-insurance to the extent required by Applicable Law.

The Provider shall maintain Employers Liability Insurance in an amount not less than \$500,000 each accident, \$500,000 disease policy limit and \$500,000 disease each employee.

Automobile Liability Insurance.

The Provider shall maintain Automobile Liability Insurance in respect of all mechanically propelled vehicles used in any circumstances such as to be liable for compulsory motor insurance in accordance with Applicable Law and shall provide coverage for all owned, non-owned and hired vehicles. Such coverage shall include the Company and its Subsidiaries as additional insureds for any legal liability arising out of the negligence of the Provider and shall be primary and non-contributory to any claims arising out of the negligence of the Provider.

Commercial General Liability Insurance.

The Provider shall maintain Commercial General Liability Insurance (or equivalent) for its legal liability for bodily insurance, property damage or personal injury. Such insurance shall include, subject to policy terms and conditions, contractual liability encompassing the indemnity provisions of the Services Agreement, products/completed operations and independent contractors coverage.

Excess or Umbrella Liability Insurance.

The Provider shall maintain Excess or Umbrella Liability Insurance with coverage with a limit no less than \$25,000,000 in combination with the insurance coverages described above. The required limit may be in any combination of primary and excess or umbrella coverage, so long as the total amount of insurance is no less than \$25,000,000.

Aircraft Liability Insurance.

If aircraft are used in connection with the Services, the Provider shall maintain Aircraft Liability Insurance in respect of any aircraft owned, non-owned, hired or chartered for use. The limit of liability for such Aircraft Liability Insurance shall be no less than \$10,000,000 per occurrence. The Provider shall provide that the Excess or Umbrella Liability Insurance shall be excess of such Aircraft Liability Insurance in the event such insurance is required.

Other Insurance.

The Provider shall maintain insurance providing coverage for the Provider's own equipment being used at any Company project and not becoming permanent works of such project.

II. COMPANY INSURANCE

Workers' Compensation/Employers' Liability Insurance.

The Company shall maintain Workers' Compensation Insurance or qualified self-insurance to the extent required by Applicable Law.

The Company shall maintain Employers Liability Insurance in an amount not less than \$500,000 each accident, \$500,000 disease policy limit and \$500,000 disease each employee.

Automobile Liability Insurance.

To the extent the Company has exposure that would require the maintenance of such coverage, the Company shall maintain Automobile Liability Insurance in respect of all mechanically propelled vehicles used in any circumstances such as to be liable for compulsory motor insurance in accordance with Applicable Law, and shall provide coverage for all owned, non-owned and hired vehicles.

Commercial General Liability Insurance.

The Company shall maintain Commercial General Liability Insurance (or equivalent) for its legal liability arising out of its operations. Such insurance shall include coverage for bodily insurance, property damage or personal injury. Such insurance shall include, subject to policy terms and conditions, contractual liability encompassing the indemnity provisions of the Services Agreement, products/completed operations and independent contractors coverage.

Excess or Umbrella Liability Insurance.

The Company shall maintain Excess or Umbrella Liability Insurance with coverage with a limit no less than \$25,000,000 in combination with the insurance coverages described above. The required limit may be in any combination of primary and excess or umbrella coverage, so long as the total amount of insurance is no less than \$25,000,000.

Aircraft Liability Insurance.

If aircraft are used in connection with the Company's operations, the Company shall maintain Aircraft Liability Insurance in respect of any aircraft owned, non-owned, hired or chartered for use, if any. The limit of liability for such Aircraft Liability Insurance shall be no less than \$10,000,000 per occurrence. The Company shall provide that the Excess or Umbrella Liability Insurance shall be excess of such Aircraft Liability Insurance in the event such insurance is required.

SCHEDULE 9-2

### Property Insurance.

The Company shall be responsible for providing operational property insurance with respect to the Company's facilities and other real property as determined by the Company, and in no event shall the Provider be required to provide operational property insurance with respect to the Company's facilities or other real property. The Company shall cause each of its Property insurers to waive all rights of recovery or subrogation against the Provider for damage to the Company's property.

## III. GENERAL

### Evidence of Insurance.

Evidence of insurance required pursuant to this Schedule 9 in the form of certificates of insurance shall be furnished by each Party upon request of the other Party; and for those insurance coverages whereby the other Party is required to be included as an additional insured, the Party required to include the other Party shall at any time requested by the other Party, deliver to the other Party copies of the applicable terms and conditions of any of the insurance policies so requested if a loss should arise that may give rise to a potential claim against the Provider and/or the Company.

### Insurance Coverages.

Neither Party makes any representation to the other that the insurance coverages specified herein, whether in scope or amounts, are adequate to protect the obligations of either Party, and each Party shall be solely responsible for any deficiencies thereof. Nothing in this Schedule 9 shall be deemed to limit either Party's liability under the Services Agreement.

### Subcontractor's Insurance; Scope of Coverage.

The Company and the Provider shall require appropriate liability insurance (automobile liability, commercial general liability and excess or umbrella liability) and workers' compensation/employers' liability insurance of subcontractors (but not including any subcontractor that is a Corporate Affiliate) who perform services at a Company Project as shall be reasonable and in accordance with Good Industry Practice in relation to the work or other items being provided by each such subcontractor. Upon a Party's reasonable request, the other Party shall require its subcontractors (but not including any subcontractor that is a Corporate Affiliate) performing work at a Company Project site to provide evidence of the insurance maintained by such subcontractor.

### Other.

With respect to Workers' Compensation/Employer's Liability Insurance and Auto Liability Insurance, the Party obligated to obtain such coverage shall cause the applicable insurer, where permitted by Applicable Law, to waive for the benefit of the other Party all rights of recovery

and subrogation against the other Party, its Corporate Affiliates and their respective directors, officers, agents and employees.

With respect to Commercial General Liability Insurance and Excess or Umbrella Liability Insurance, the Party obligated to obtain such coverage shall cause the applicable insurer to waive any right of recovery which it may have or acquire against the other Party, its Corporate Affiliates and their respective directors, officers, agents and employees. Each Commercial General Liability policy shall provide for a severability of interest clause and a cross liability clause.

Notwithstanding anything to the contrary contained in this Schedule 9 or otherwise in the Services Agreement, it is intended for the Company's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance to be primary and non-contributory to the Provider's insurance for liability for bodily injury, property damage or personal injury arising out of the assets or operations of the Company. The Provider and the Provider's officers, directors, employees and agents shall be included as insureds or additional insureds, as appropriate, on the Company's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance policies for its/their liability arising out of the operations or assets of the Company. The Provider's Commercial General Liability Insurance and/or Excess or Umbrella Liability Insurance policies shall be excess of the Company's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance. This paragraph shall not apply to liability arising out of the Provider's owned, non-owned or hired vehicles (Automobile Liability Insurance).

In the event any insurance described herein (including the limits or deductibles thereof) is not available on commercially reasonable terms in the commercial insurance market, the applicable Party shall not be required to obtain or maintain such coverage, but shall maintain any such insurance up to the level, if any, at which such insurance can be obtained and maintained on commercially reasonable terms in the commercial insurance market.

All insurance required to be maintained shall be placed with financially sound and reputable insurers having an A. M. Best rating of A-VII (or equivalent rating from another recognized rating agency) or better.

Each Party shall provide or cause to be provided to the other Party ten (10) days notice in the event of cancellation of any insurance required to be maintained due to non-payment of premium and thirty (30) days notice in the event of cancellation for any other reason.

#### SCHEDULE 9-4

**SCHEDULE 12.7  
ADDRESSES FOR NOTICES**

If to the Company: Transource Energy, LLC  
1 Riverside Plaza  
Columbus, Ohio 43215  
Fax: (614) 552-1628  
Attn: President  
Email: apsmyth@aep.com

with a copy to: American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, Ohio 43215  
Fax: (614) 716-2014  
Attn: Office of the General Counsel  
Email: rgryan@aep.com

If to the Provider: American Electric Power Service Corporation  
700 Morrison Road  
Gahanna, Ohio 43230  
Fax: (614) 552-2602  
Attn: Manager, Transmission Business Services  
Email: amvogel@aep.com

with a copy to: American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, Ohio 43215  
Fax: (614) 716-2014  
Attn: Office of the General Counsel  
Email: rgryan@aep.com

**SERVICES AGREEMENT**

**BY AND BETWEEN**

**TRANSOURCE ENERGY, LLC**

**AND**

**KANSAS CITY POWER & LIGHT COMPANY**

**April 3, 2012**

## TABLE OF CONTENTS

ARTICLE 1	DEFINITIONS; RULES OF CONSTRUCTION .....	1
1.1	<u>Definitions</u> .....	1
1.2	<u>Rules of Construction</u> .....	1
ARTICLE 2	SERVICES.....	2
2.1	<u>Services Upon Company Request</u> .....	2
2.2	<u>Standards for Provider Performance</u> .....	2
2.3	<u>Control of Work</u> .....	2
2.4	<u>Instructions to the Provider</u> .....	3
2.5	<u>Personnel; Subcontractors</u> .....	3
2.6	<u>Budgets</u> .....	4
2.7	<u>Status Reports; Documentation</u> .....	4
2.8	<u>Authority</u> .....	4
2.9	<u>Services for Subsidiaries and SPP Project Companies</u> .....	5
ARTICLE 3	COMPANY OBLIGATIONS.....	5
3.1	<u>Standards for Company Performance</u> .....	5
3.2	<u>Cooperation</u> .....	5
3.4	<u>Authorizations</u> .....	6
ARTICLE 4	INTELLECTUAL PROPERTY .....	6
4.1	<u>Ownership of Work Product</u> .....	6
4.2	<u>Intellectual Property Rights</u> .....	6
4.3	<u>Intellectual Property Indemnification</u> .....	7
4.4	<u>Survival</u> .....	7
ARTICLE 5	TERM .....	8
5.1	<u>Term</u> .....	8
ARTICLE 6	COMPENSATION .....	8
6.1	<u>Charges for Services</u> .....	8
6.2	<u>Invoicing</u> .....	8
6.3	<u>Sales and Use Taxes</u> .....	8
6.4	<u>Payment</u> .....	8
6.5	<u>Right to Review Information</u> .....	9
ARTICLE 7	WARRANTIES .....	9
7.1	<u>Scope of Warranties</u> .....	9
7.2	<u>Exclusive Warranties and Remedy</u> .....	9
ARTICLE 8	DEFAULT AND TERMINATION.....	9
8.1	<u>Events of Default</u> .....	9
8.2	<u>Termination for Cause</u> .....	10
8.3	<u>Termination by Mutual Agreement</u> .....	10
8.4	<u>Termination if Provider is not a Corporate Affiliate</u> .....	10
8.5	<u>Fines and Penalties</u> .....	10
8.6	<u>Limitations on Liability</u> .....	11
8.7	<u>Exclusive Remedies</u> .....	11
8.8	<u>Obligations Upon Termination</u> .....	11
ARTICLE 9	INSURANCE PLAN .....	12

ARTICLE 10 INDEMNIFICATION .....	13
10.1 <u>Indemnification of Third Party Claims</u> .....	13
10.2 <u>Indemnification Procedures</u> .....	13
10.3 <u>Subrogation</u> .....	14
10.4 <u>Survival</u> .....	14
ARTICLE 11 EXCUSED PERFORMANCE .....	14
11.1 <u>Force Majeure</u> .....	14
11.2 <u>Change in Law</u> .....	15
11.3 <u>Emergencies</u> .....	15
ARTICLE 12 GENERAL PROVISIONS .....	15
12.1 <u>Confidentiality Agreement</u> .....	15
12.2 <u>Interest on Overdue Amounts</u> .....	15
12.3 <u>Assignment</u> .....	15
12.4 <u>Setoff</u> .....	16
12.5 <u>Applicable Law</u> .....	16
12.6 <u>Binding Agreement; No Third Party Beneficiaries</u> .....	16
12.7 <u>Notices</u> .....	16
12.8 <u>Terminology</u> .....	16
12.9 <u>Entire Agreement</u> .....	16
12.10 <u>Severability</u> .....	17
12.11 <u>Other Instruments</u> .....	17
12.12 <u>Amendments</u> .....	17
12.13 <u>Waivers</u> .....	17
12.14 <u>Counterparts</u> .....	17
12.15 <u>Costs</u> .....	17
12.16 <u>WAIVER OF RIGHT TO JURY TRIAL</u> .....	17
12.17 <u>Survival</u> .....	17
12.18 <u>Dispute Resolution</u> .....	17

## SCHEDULES

Schedule 1.1	Definitions
Schedule 2.1	Services
Schedule 9	Insurance Plan
Schedule 12.7	Addresses for Notices



## SERVICES AGREEMENT

This Services Agreement (the “Services Agreement”), dated as of April 3, 2012 (the “Effective Date”), is entered into by and between TRANSOURCE ENERGY, LLC, a limited liability company organized under the laws of the State of Delaware (the “Company”), and KANSAS CITY POWER & LIGHT COMPANY, a corporation organized under the laws of the State of Kansas (the “Provider”). Each of the Company and the Provider are sometimes referred to herein, individually, as a “Party” and, collectively, as the “Parties.”

### RECITALS

WHEREAS, AEP Transmission Holding Company, LLC and GPE Transmission Holding Company, LLC have established the Company to pursue, develop, construct, own and operate certain electric transmission projects pursuant to the Operating Agreement of the Company dated April 3, 2012 (as such agreement may be amended, supplemented or otherwise modified from time to time, the “Operating Agreement”); and

WHEREAS, the Company intends to pursue such activities through various subsidiary utility companies (each, a “Subsidiary” and, collectively, the “Subsidiaries”) and the Company is willing to provide certain support services to such Subsidiaries in connection with such activities; and

WHEREAS, the Company desires that the Provider provide certain services to support the Company and the activities of the Subsidiaries; and

WHEREAS, the Provider is willing to provide such services to the Company and the Subsidiaries.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### ARTICLE 1 DEFINITIONS; RULES OF CONSTRUCTION

- 1.1 Definitions. As used in this Services Agreement, terms defined in Schedule 1.1 have the meanings set forth therein.
- 1.2 Rules of Construction. The following provisions shall be applied wherever appropriate herein:
  - (a) “herein,” “hereby,” “hereunder,” “hereof,” “hereto” and other equivalent words shall refer to this Services Agreement in its entirety and not solely to the particular portion of this Services Agreement in which any such word is used;
  - (b) “include,” “includes” and “including” are terms of illustration and not of limitation and shall be deemed in all instances to be followed by the phrase “without limitation”;

- (c) all definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural;
- (d) neither this Services Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsman hereof or thereof;
- (e) the Section headings appearing in this Services Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or extent of such Section, or in any way affect this Services Agreement;
- (f) any references herein to a particular Section, Article or Schedule means a Section or Article of, or a Schedule to, this Services Agreement unless another agreement or document is specified; and
- (g) the Schedules attached hereto are incorporated herein by reference and shall be considered part of this Services Agreement.

## **ARTICLE 2 SERVICES**

### **2.1 Services Upon Company Request.**

2.1.1 Upon the written direction of the Company, the Provider shall perform any or all of the services identified on Schedule 2.1.

2.1.2 The Company may, by written notice, direct that any Services be suspended, modified, terminated or resumed, at any time and from time to time; provided, that the Company shall be responsible for all charges for demobilization and remobilization activities and costs reasonably incurred by the Provider as a result of any such suspension, modification, termination or resumption.

### **2.2 Standards for Provider Performance.** The Provider shall provide the Services in a good and workmanlike manner and in conformity with Good Industry Practice and Applicable Law. The Provider shall not proceed with any act under this Services Agreement unless and until necessary regulatory approvals, if any, for such act have been obtained. With respect to any Services related to obtaining any Third Party Approvals, the Provider does not represent, warrant or guarantee that any such Third Party Approval can or will be obtained.

### **2.3 Control of Work.** In performing the Services, the Provider shall act and shall be deemed for all purposes to be an independent contractor. The Provider shall be solely responsible for and have control over the means, methods, techniques, scheduling, sequences and procedures used in the performance of the Services.

2.4 Instructions to the Provider. The Provider may request instructions (or clarification of directives) from the Company prior to taking action with respect to any matter relating to the Services and the Provider may, to the extent reasonably necessary or appropriate, defer such action pending the receipt of such instructions or clarification. The Company shall not unreasonably withhold or delay any instruction or clarification to the Provider that is necessary or desirable to enable the Provider to timely and properly perform the Services.

2.5 Personnel; Subcontractors.

2.5.1 The Provider shall be solely responsible for the supervision, direction and control of all the Provider's personnel engaged in the performance of Services. Such personnel shall be employees or independent contractors of the Provider and not of the Company. The Provider shall be responsible for the payment of all compensation, benefits and employment taxes with respect to the services of its personnel. The Provider may remove, reassign or take any other employment-related action in regard to any of its personnel.

2.5.2 Without limiting the obligations of the Provider hereunder, the Provider may retain the services of other Persons (each, a "Subcontractor"), including Corporate Affiliates of the Provider, to perform all or any part of the Services, and may also enter into subcontracts with such Persons in order to perform all or any part of the Services; provided, that:

- (a) any such subcontract(s) reasonably expected to cost (singly or in the aggregate with all subcontracts with the same Subcontractor and its Corporate Affiliates and including any termination liability) more than \$500,000 in a calendar year shall be subject to the prior written approval of the Company; provided, that this Section 2.5.2(a) shall not restrict the Provider's right to execute subcontracts to the extent reasonably necessary to avoid or mitigate the effects of an Emergency so long as the Provider notifies the Company of any such subcontract as soon as reasonably practicable;
- (b) the Provider shall use commercially reasonable efforts to obtain from all Subcontractors terms and conditions (including representations, warranties, guarantees, insurance and indemnities) that are substantially equivalent to the terms and conditions obtained by the Provider and its Corporate Affiliates in comparable contracts with subcontractors;
- (c) the Provider shall use commercially reasonable efforts to cause its Subcontractors to cause their respective insurers to designate the Company and the Subsidiaries as additional named insureds under the Subcontractors' insurance policies; and
- (d) the Provider shall act diligently and in good faith (taking into account the Company's interests) to enforce the Provider's rights under all such

subcontracts, including any indemnities in such subcontracts, and shall keep the Company reasonably apprised of the status of any such enforcement activities.

## 2.6 Budgets.

2.6.1 Annually, by no later than September 30, the Provider shall submit to the Company a proposed budget setting forth the costs and expenses the Provider reasonably anticipates charging to the Company for Services and Administrative Charges for the next subsequent calendar year. Each such proposed budget shall be accompanied by reasonably detailed supporting materials showing assumptions and calculations incorporated therein and shall include: (i) an estimate of all costs anticipated to be incurred by the Provider during such calendar year; (ii) a schedule showing when such costs are expected to be incurred; and (iii) a three (3)-year forecast of the costs and expenses the Provider anticipates for Services and Administrative Charges. Each such proposed budget shall be subject to the approval of the Company (each proposed budget, once approved, an "Approved Budget").

2.6.2 In the event of a suspension, modification, resumption or termination of any Services that will materially impact an Approved Budget or if the Provider anticipates that its total costs and expenses for Services and Administrative Charges will exceed one hundred ten percent (110%) of the then-current Approved Budget, the Provider shall timely provide to the Company a proposed amended budget reflecting its then-current assessment of costs and expenses to be incurred for Services and Administrative Charges for the remaining term of the then-current Approved Budget. Any proposed amendment to an Approved Budget shall include the information described in Section 2.6.1 and shall be subject to the approval of the Company.

2.6.3 Notwithstanding any other provision of this Services Agreement, the Company shall pay to the Provider in accordance with Article 6 all charges for Services provided by the Provider to the Company and all Administrative Charges, including any such charges in excess of the amounts for such Services or Administrative Charges set forth in the then-current Approved Budget.

2.7 Status Reports; Documentation. The Provider shall provide the Company with a reasonably detailed written report on the status of the Services and the charges for Services and Administrative Charges no less frequently than once every two (2) months. Such reports shall be reasonably acceptable to the Company as to form and content and shall, subject to applicable confidentiality restrictions, be accompanied by reasonable back-up documentation.

## 2.8 Authority.

2.8.1 In addition to any Services it shall be obligated to perform, the Provider shall have authority to provide personnel (including the personnel of its Corporate Affiliates but excluding personnel of any Subcontractor) to perform or conduct administrative and/or ministerial duties or functions for or on behalf of the Company and the

Subsidiaries, including providing personnel to serve as managers, directors, officers, administrators and representatives of the Company and its Subsidiaries.

2.8.2 Notwithstanding any other provision of this Services Agreement and without affecting any other limitations on the Provider's rights or duties hereunder, unless otherwise approved in writing by the Company or authorized pursuant to a written power of attorney granted by the Company to the Provider, the Provider has no authority to: (i) sell, lease, pledge, mortgage, encumber, convey, license, exchange or make any other transfer or disposition of any property of the Company, including any items or assets whose purchase is managed by the Provider; (ii) make, enter into, execute, amend, waive any rights under or modify or supplement any contract or agreement (including the Operating Agreement and this Services Agreement) on behalf of, binding upon or in the name of the Company; (iii) settle, compromise, assign, pledge, transfer, release or consent to the same of any claim, suit, debt, demand or judgment against or due by the Company, or submit any such claim, dispute or controversy to arbitration or judicial process or stipulate to a judgment, or consent to do the same; (iv) agree to any penalty payable by the Company for violation of any Applicable Law; (v) make any representation or warranty on behalf of the Company; (vi) pledge the credit of the Company; or (vii) cause the conveyance, modification, sale or other disposition of any portion of a project.

- 2.9 Services for Subsidiaries. At the Company's request, the Provider shall perform Services for the benefit of Subsidiaries. In such cases the Provider shall act at the direction of such Persons with respect to the applicable Service(s) unless and until otherwise instructed in writing by the Company. To the extent the Company requests the Provider to perform any Services directly to a Subsidiary, then such Subsidiary shall be deemed to be an express third party beneficiary of this Services Agreement and shall be entitled to enforce any rights, terms or conditions of this Services Agreement with respect to such Services.

### **ARTICLE 3 COMPANY OBLIGATIONS**

- 3.1 Standards for Company Performance. The Company shall carry out all of its activities relating to the Services in conformity with Good Industry Practice and Applicable Law. The Company shall not proceed with any act under this Services Agreement unless and until any necessary regulatory approval for such act has been obtained.
- 3.2 Cooperation. The Company shall cooperate (and cause its Subsidiaries to cooperate) with the Provider and Subcontractors so as to minimize delays, errors, inconsistencies, changes and unnecessary costs in the performance of the Services.
- 3.3 Access. The Company shall provide (and cause its Subsidiaries to provide) the Provider and Subcontractors with access to the Company's (and its Subsidiaries') sites and facilities in order for the Provider to perform the Services.

- 3.4 Authorizations. From time to time, the Company shall execute and deliver, as reasonably requested by the Provider, any authorizations reasonably necessary to facilitate the Provider's performance of the Services.

#### **ARTICLE 4 INTELLECTUAL PROPERTY**

- 4.1 Ownership of Work Product. Upon delivery, and unless otherwise limited by third party interests, the Company shall be the owner of the delivered copies of all drawings, plans, specifications, budgets, schedules, reports and other documents and materials prepared or provided by the Provider in connection with the performance of the Services ("Work Product").

- 4.2 Intellectual Property Rights.

4.2.1 The Provider hereby grants to the Company, and in connection with Services to be provided to any Subsidiary, to any such Subsidiary, an irrevocable, perpetual, non-transferable (except in connection with an assignment permitted pursuant to Section 4.2.6), non-exclusive, world-wide, royalty-free, internal use license to copy, use and display the Provider's Proprietary Property and that of its Corporate Affiliates that is incorporated into the Work Product or otherwise provided to the Company or any such Subsidiary for the purpose for which such Proprietary Property was provided pursuant to this Services Agreement.

4.2.2 The Provider's Proprietary Property and that of its Corporate Affiliates is and shall remain the sole and exclusive property of the Provider and/or its Corporate Affiliates, as applicable. Other than the license granted pursuant to Section 4.2.1, the Company shall have no right, claim or interest of any type, by virtue of this Services Agreement or otherwise, in or to: (i) the Provider's Proprietary Property or that of its Corporate Affiliates; or (ii) any other Intellectual Property Rights of the Provider or its Corporate Affiliates. The Company hereby irrevocably waives and releases any right, claim or interest therein or thereto. The Company shall not reverse engineer, decompile, disassemble or otherwise attempt to reproduce the Provider's Proprietary Property or that of its Corporate Affiliates in any manner.

4.2.3 Subject to the license granted pursuant to Section 4.2.1, all Intellectual Property Rights that the Company may hereafter acquire, discover, invent, originate, make, develop or conceive, in whole or in part, through its use of the Provider's Proprietary Property or that of its Corporate Affiliates shall be the sole, exclusive and unencumbered property of the Provider or its Corporate Affiliates, as applicable, and shall be deemed a part of the Intellectual Property of the Provider or its Corporate Affiliates, as applicable. The Company shall execute and deliver, or cause to be executed and delivered, such agreements, instruments and documents (including one or more memoranda of license suitable for recording in the U.S. Patent and Trademark Office) and shall take such other actions as may be reasonably requested by the Provider for the purpose of effectuating, evidencing, implementing and facilitating the Provider's rights and those of its Corporate Affiliates as set forth in this Section 4.2.3.

4.2.4 In the event that the Company uses any of such Proprietary Property for any purpose other than as permitted pursuant to Section 4.2.1, without limiting its other remedies, the Provider or its Corporate Affiliates shall have exclusive ownership rights in and to any proceeds, assets or intellectual property resulting from or related to such prohibited activity.

4.2.5 All of the Provider's Proprietary Property and that of its Corporate Affiliates shall be deemed to be Confidential Information subject to Section 20 of the Operating Agreement.

4.2.6 Should the Company or a Subsidiary transfer title in a project to a third party (and upon any subsequent transfer of such project), unless otherwise agreed by the Parties, the license provided in Section 4.2.1 shall automatically transfer with such project; provided, that any such transferee, for itself and its successors and assigns, agrees in writing to be bound by the prohibitions and restrictions of this Article 4.

#### 4.3 Intellectual Property Indemnification.

4.3.1 The Provider represents and warrants that to its knowledge, without investigation, the Company's or a Subsidiary's exercise of its rights under the license set forth in Section 4.2.1 will not infringe any United States Intellectual Property Rights of any Person. Subject to the limitations set forth in Section 8.6 and the procedures set forth in Article 10, the Provider shall indemnify, defend and hold harmless each Company Indemnified Person from and against any and all Claims arising out of any breach of the foregoing representation and warranty.

4.3.2 If the Company promptly notifies the Provider of any claim of infringement for which the Provider's indemnification obligation pursuant to Section 4.3.1 applies, the Provider shall, at its own expense and option, exercise commercially reasonable efforts to: (i) procure for the Company the right to continue its exercise of its rights under the license set forth in Section 4.2.1; (ii) modify the Company asset so that such exercise of license rights becomes non-infringing, provided such modification shall not diminish or adversely alter in any material respect the features or functionality of any of the Company's assets or the Services; or (iii) replace the infringing asset with materials, equipment, facilities or services that are not so infringing, provided such replacement shall not diminish or adversely alter in any material respect the features or functionality of any of the Company's assets or the Services.

4.3.3 The Company shall indemnify, defend and hold harmless each Provider Indemnified Person from and against any and all Claims arising out of the Company's use of any of the Provider's Proprietary Property or that of its Corporate Affiliates in any manner other than as expressly permitted hereunder.

#### 4.4 Survival. This Article 4 shall survive the termination of this Services Agreement.

## ARTICLE 5 TERM

- 5.1 Term. The term of this Services Agreement (the “Term”) shall commence on the Effective Date and, unless earlier terminated in accordance with Article 8, shall remain in effect until the date a certificate of cancellation of the Company is filed with the Secretary of State of the State of Delaware.

## ARTICLE 6 COMPENSATION

- 6.1 Charges for Services. Charges for the Services and Administrative Charges shall be determined on the same cost basis as such charges are determined from time to time for equivalent services that the Provider provides to its utility Corporate Affiliates and shall include allocations for overhead (including employee benefits, payroll taxes and charges for the use of infrastructure) and reimbursement of all out-of-pocket costs and expenses (including employee meals, hotels and travel, third party insurance costs and legal and other consulting fees), but shall exclude any markup for profit.
- 6.2 Invoicing. On or before the fifteen (15<sup>th</sup>) day of each calendar month, the Provider shall submit an invoice for all Services performed and Administrative Charges incurred during the preceding calendar month. Each such invoice shall include an itemization of charges for Services based on the different categories of Service performed and a description of the basis of Administrative Charges incurred. Any monthly invoice may include billings to adjust or correct billings from prior periods. No less frequently than quarterly, the Provider shall provide reasonable supporting documentation to support previously invoiced charges, including hours charged for different job classifications and reconciliations against the Approved Budget.
- 6.3 Sales and Use Taxes. In addition to the amounts payable pursuant to Section 6.1, the Company shall pay the Provider any state or local sales or use tax or any other similar charge owed in connection with the Services and Administrative Charges (other than any such taxes or charges based on the earnings, income or net worth of the Provider). The Provider shall take reasonable actions to minimize the amount of such sales and use taxes payable hereunder.
- 6.4 Payment. Within thirty (30) days after the Provider submits an invoice to the Company in accordance with Section 6.2, the Company shall pay the Provider the amount of such invoice. If the Company in good faith disputes any portion of an invoice, the Company shall pay the amount invoiced and provide a written explanation of the basis for the dispute. If any amount is later determined or agreed not to have been owed by the Company, such amount (together with interest at the Default Rate from the date of payment until the date of reimbursement) shall either be credited against the next invoice submitted by the Provider or refunded by the Provider to the Company within thirty (30) days after the resolution of the dispute. All disputes regarding invoiced amounts shall be resolved in accordance with Section 12.18.



6.5 Right to Review Information. The Provider shall maintain accurate documentation, records, books of account, time records, invoices, contracts, mileage records and other evidence reasonably pertinent to performance of the Services and the basis of the Administrative Charges in conformity with GAAP, Good Industry Practice and Applicable Law for a period of five (5) years after the date such Services were performed or such Administrative Charges were incurred (or such longer period as may be required by Applicable Law or necessary to support filings for third party approvals). Such information shall include documentation and information of the basis for all invoiced charges. Upon reasonable advance notice and at reasonable times, the Company shall have access to, and may examine, inspect, excerpt, audit, copy or transcribe any pertinent records to the extent relating to and reasonably necessary to confirm the Provider's performance under this Services Agreement. The Company's rights pursuant to this Section 6.5 shall be conducted in a manner that does not unreasonably interfere with the Provider's business operations. This Section 6.5 shall survive the termination of this Services Agreement.

## **ARTICLE 7 WARRANTIES**

- 7.1 Scope of Warranties. THE PROVIDER WARRANTS TO THE COMPANY THAT: (I) THE SERVICES PERFORMED DIRECTLY BY THE PROVIDER SHALL BE PERFORMED IN A GOOD AND WORKMANLIKE MANNER AND IN ACCORDANCE WITH GOOD INDUSTRY PRACTICE AND SHALL BE FREE FROM MATERIAL DEFECTS IN WORKMANSHIP OR MATERIALS; AND (II) THE SERVICES PERFORMED BY A SUBCONTRACTOR SHALL BE MANAGED BY THE PROVIDER IN ACCORDANCE WITH GOOD INDUSTRY PRACTICE.
- 7.2 Exclusive Warranties and Remedy. THE WARRANTIES CONTAINED IN THIS ARTICLE 7 ARE EXCLUSIVE, AND ARE GIVEN AND ACCEPTED IN LIEU OF ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. UPON ANY BREACH OF A WARRANTY IN THIS ARTICLE 7, THE PROVIDER'S SOLE LIABILITY AND RESPONSIBILITY AND THE COMPANY'S SOLE REMEDY SHALL BE THE REPERFORMANCE OF THE SERVICES IN ACCORDANCE WITH THIS SERVICES AGREEMENT; PROVIDED, THAT IF THE DEFECT WAS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PROVIDER, THE PROVIDER SHALL RE-PERFORM THE SERVICES AT ITS SOLE COST AND EXPENSE.

## **ARTICLE 8 DEFAULT AND TERMINATION**

- 8.1 Events of Default. Each of the following shall constitute an event of default (an "Event of Default") with respect to a Party (such Party, the "Defaulting Party");

- (a) such Party files a voluntary petition for bankruptcy or is adjudged bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceeding;
- (b) such Party fails to pay any amount due to the other Party under this Services Agreement on or before the payment date therefor and does not cure such failure within ten (10) days after its receipt of written notice of such failure; or
- (c) such Party breaches in any material respect any of its other obligations under this Services Agreement and fails to cure such breach within: (i) thirty (30) days of receipt of written notice of such breach from the other Party; or (ii) such longer period as may be reasonably necessary to cure such breach (not to exceed ninety (90) days) if the breach is not reasonably susceptible of cure within such thirty (30) day period and such Party diligently pursues the cure of such breach within such additional time period.

## 8.2 Termination for Cause.

8.2.1 Upon an Event of Default described in Sections 8.1(b) or 8.1(c), the Non-Defaulting Party may terminate this Services Agreement by providing written notice of such termination to the Defaulting Party; provided that no such Event of Default on the part of the Company caused by or resulting from the acts or omissions of a Corporate Affiliate of the Provider that is a member of the Company (a “Member”) shall constitute a basis for a termination of this Services Agreement.

8.2.2 This Services Agreement shall automatically terminate upon: (i) an Event of Default by a Party described in Section 8.1(a); or (ii) the termination of the Operating Agreement or the liquidation of the Company for any reason.

## 8.3 Termination by Mutual Agreement. The Parties may terminate this Services Agreement by mutual written agreement at any time.

## 8.4 Termination if Provider is not a Corporate Affiliate. Either Party may, upon thirty (30) days advance written notice, terminate this Services Agreement if neither the Provider nor any of its Corporate Affiliates is a Member.

## 8.5 Fines and Penalties. The Provider may charge the Company for any monetary fine or penalty assessed against the Provider by any Governmental Authority to the extent arising from the Provider’s performance of the Services, unless such fine or penalty results from the Provider’s gross negligence, willful misconduct or actual fraud, in which case the Provider shall be responsible for such fine or penalty. The Company may not charge the Provider for any monetary fine or penalty assessed against the Company arising from the Provider’s performance of the Services unless the monetary fine or penalty is caused by the Provider’s gross negligence, willful misconduct or fraud, in which case the Provider shall be responsible for such fine or penalty.

8.6 Limitations on Liability.

8.6.1 A Defaulting Party shall not be liable for damages as a result of an Event of Default unless such Event of Default is due to its gross negligence or willful misconduct.

8.6.2 EXCEPT FOR CLAIMS BASED ON ACTUAL FRAUD, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING DAMAGES FOR LOSS OF USE OF EQUIPMENT, LOST BUSINESS OPPORTUNITIES OR PROFITS OR DAMAGE TO REPUTATION), EVEN IF THE DEFAULTING PARTY WAS AWARE OF THE POSSIBILITY OF SUCH DAMAGES, AND REGARDLESS OF THE THEORY OF LIABILITY UNDER WHICH SUCH DAMAGES ARE SOUGHT; PROVIDED, THAT THE FOREGOING EXCLUSION SHALL NOT BE CONSTRUED TO LIMIT RECOVERY UNDER ANY INDEMNITY PURSUANT TO ARTICLE 10 FOR THIRD PARTY CLAIMS.

8.6.3 The Provider's aggregate liability under or related to this Services Agreement (other than any liability based on actual fraud or any indemnification liability) shall not exceed the total amount paid to the Provider pursuant to this Services Agreement for the category of Services to which the applicable breach relates.

8.7 Exclusive Remedies. Except for the remedies otherwise expressly provided herein or as otherwise agreed in writing between the Parties and except for recoveries for actual fraud, the remedies set forth in this Article 8 are the exclusive legal and equitable remedy for any claim or controversy arising under or in connection with this Services Agreement or the Services, whether sounding in contract, negligence, intentional misconduct, other tort, breach of warranty, deceptive trade practice, other statutory cause of action, strict liability, product liability or other theory of liability.

8.8 Obligations Upon Termination.

8.8.1 Upon termination of this Services Agreement for any reason, the Provider shall: (i) promptly discontinue performance of the Services; (ii) terminate any subcontracts executed by the Provider related to the Services unless the Provider, the Company and the Subcontractor enter into novations thereof; (iii) upon request by the Company, deliver to the Company all documents (including design documents in process) in the Provider's possession related to the Services; (iv) reasonably cooperate with the Company in connection with the transition of the Services to a New Provider or potential New Provider; and (v) not be authorized to incur or charge the Company for any Administrative Charges.

8.8.2 Upon termination of this Services Agreement for any reason: (i) each Party shall pay the other Party any amounts due as of the date of such termination in accordance with the terms of this Services Agreement; and (ii) the Company shall pay the Provider for any costs and expenses incurred under any subcontracts executed by the Provider as a result of any such termination.

8.8.3 If, at the time of any termination of this Services Agreement for any reason, any assets of the Company or any of its Subsidiaries are located on real property that is owned or leased by the Provider or any of its Corporate Affiliates, the Parties shall negotiate in good faith and exercise commercially reasonable efforts to reach one or more agreements pursuant to which: (i) the Provider or one of its Corporate Affiliates will continue to operate and maintain the Company's assets located on such real property; and (ii) the Company will continue to have access to such real property; provided, that such access will not unreasonably interfere with Provider's and its Corporate Affiliates' operations on such real property.

8.8.4 All documents required to be delivered pursuant to Section 8.8.1 shall be delivered free and clear of any liens, security interests or encumbrances, except such as may be created by the Company.

8.8.5 Except as provided herein, no action taken by the Company or the Provider after the termination of this Services Agreement shall prejudice any other rights or remedies of the Company or the Provider provided by Applicable Law, this Services Agreement or otherwise upon such termination.

8.8.6 If the Company requests that the Provider continue to provide Services after the termination of this Services Agreement, the Provider shall: (i) perform such Services for a period of up to six (6) months after termination of this Services Agreement; and (ii) reasonably assist the Company to facilitate the orderly transfer of the Services to the Company and/or to enable another party (a "New Provider") chosen by the Company to take over the provision of all or part of the Services. The Company shall pay the Provider in accordance with Section 6.1 for any Services performed pursuant to this Section 8.8.6.

## **ARTICLE 9 INSURANCE PLAN**

The Parties shall procure and maintain (or cause to be procured and maintained) insurance of the types, in the amounts and with the deductibles/retentions and waivers specified on Schedule 9 (the "Insurance Plan"). If a Party fails to carry the insurance required to be provided by it pursuant to the Insurance Plan, then the other Party on not less than ten (10) days' prior written notice may procure such insurance and shall be entitled to reimbursement therefor from the other Party on written demand. Each Party may self-insure all or any portion of the coverage required pursuant to the Insurance Plan during any period in which such Party: (a) maintains a net worth of no less than \$100,000,000; or (b) is covered by a program of self-insurance maintained by a Corporate Affiliate of such Party and either: (i) such Corporate Affiliate maintains a net worth of no less than \$100,000,000; or (ii) the obligations and liabilities of such Corporate Affiliate are guaranteed or supported by a Corporate Affiliate having a net worth of no less than \$100,000,000. Any such self-insurance shall not be deemed to transfer or alter the allocation of risks set forth in this Services Agreement.

## ARTICLE 10 INDEMNIFICATION

### 10.1 Indemnification of Third Party Claims.

10.1.1 The Company shall indemnify, defend and hold harmless the Provider, its Corporate Affiliates and its and their respective officers, directors, members, shareholders, employees, agents and representatives (each a “Provider Indemnified Person”) from and against any third-party claim, demand, action, suit, damage, liability, loss, cost or expense (including reasonable attorneys’ fees and out-of-pocket disbursements), judgment, fine, settlement or other amount (a “Claim”) incurred by any Provider Indemnified Person to the extent arising out of this Services Agreement or the activities of the Parties hereunder and resulting from or attributable to any act, omission, event or circumstance other than the gross negligence or willful misconduct of any Provider Indemnified Person.

10.1.2 The Provider shall indemnify, defend and hold harmless the Company, its members (other than the Provider or any of its Corporate Affiliates), their Corporate Affiliates and each of their respective officers, directors, members, shareholders, employees, agents and representatives (each a “Company Indemnified Person”) from and against any third-party Claim incurred by any Company Indemnified Person to the extent resulting from the gross negligence or willful misconduct of the Provider.

10.1.3 Sections 10.1.1 and 10.1.2 are subject to the limitations on liability in Section 8.6.2.

### 10.2 Indemnification Procedures.

10.2.1 If a Party (an “Indemnifying Party”) is obligated hereunder to indemnify, defend and hold harmless an Indemnified Person hereunder, such Indemnified Person shall give notice as promptly as is reasonably practicable to the Indemnifying Party of the Claim giving rise to such indemnification obligation; provided, that a delay by an Indemnified Person in delivering such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent (if any) that the Indemnifying Party shall have been materially prejudiced thereby. Provided that it first unconditionally acknowledges in writing its indemnification obligations hereunder, such Indemnifying Party shall have the right to control the defense and settlement of such Claim with counsel reasonably acceptable to it; provided, that the Indemnified Person may retain counsel at its expense to assist in the defense and settlement of such Claim. Without the prior written consent of the Indemnified Person, which consent shall not be unreasonably withheld, delayed or conditioned, the Indemnifying Party shall not enter into any settlement of any Claim which would lead to liability or create any financial or other obligation on the part of the Indemnified Person. If a firm offer is made to settle a Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Person and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to the Indemnified Person to that effect. If the Indemnified Person fails to consent to such offer within twenty (20) days after its receipt of such

notice, the Indemnifying Party shall be relieved of its obligations to defend such Claim and the Indemnified Person may contest or defend such Claim. In such event, the maximum liability of the Indemnifying Party with respect to such Claim shall be the amount of such settlement offer plus reasonable costs and expenses paid or incurred by the Indemnified Person up to the date of such notice.

10.2.2 If an Indemnifying Party fails to assume the defense of a Claim for which an Indemnified Person seeks indemnification hereunder, the Indemnified Person shall have the right to control the defense and settlement of such Claim with counsel reasonably acceptable to it, at the sole cost and expense of the Indemnifying Party.

10.3 Subrogation. In the event that an Indemnifying Party pays all or any portion of a Claim, the Indemnifying Party shall be subrogated to any and all defenses, claims or other matters which the Indemnified Person asserted or could have asserted against the Person making such Claim, and all related cross-claims that the Indemnified Person asserted or could have asserted against other Persons. The Indemnified Person shall execute and deliver to the Indemnifying Party (at the Indemnifying Party's expense) such documents as may be reasonably necessary to establish, by way of subrogation, the ability of the Indemnifying Party to assert such defenses, claims, cross-claims or other matters.

10.4 Survival. This Article 10 shall survive the termination of this Services Agreement.

#### **ARTICLE 11 EXCUSED PERFORMANCE**

11.1 Force Majeure. Neither Party shall be responsible for any delay or failure to perform hereunder (other than any obligation to pay money) if such delay or failure to perform is attributable to an event of Force Majeure; provided, that:

- (a) the excused Party oversees such interruption in accordance with Good Industry Practice to the extent practicable;
- (b) the excused Party, within ten (10) days after the occurrence of the Force Majeure event, gives the other Party written notice describing the particulars of the occurrence;
- (c) the suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure event;
- (d) the excused Party uses its reasonable efforts to remedy its inability to perform (provided, however, that no Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest, it being understood that the settlement of strikes, walkouts, lockouts or other labor disputes shall be at the sole discretion of the Party involved); and

- (e) when the excused Party is able to resume performance of its obligations under this Services Agreement, that Party shall give the other Party written notice to that effect.
- 11.2 Change in Law. In the event a Party is unable to perform any obligation hereunder due to any change in any Applicable Law, the Parties shall attempt in good faith to amend this Services Agreement as necessary to permit such Party to comply with the change in Applicable Law while preserving the purpose and value of this Services Agreement (including tax and accounting treatment of the Parties) for both Parties. If the Parties are unable to reach agreement on such an amendment, the Party affected by the change in Applicable Law shall be excused from the performance of that obligation to the extent so affected.
- 11.3 Emergencies. Notwithstanding any other provision of this Services Agreement, if the Provider believes in good faith that a condition or circumstance that threatens imminent harm to persons, property or the environment exists or has occurred or that the performance of any of the Services would (in the reasonable judgment of the Provider) create an unreasonable safety risk to persons, property or the environment, or would violate the Provider's safety policies or procedures (each of the foregoing, an "Emergency"), the Provider may discontinue performance until such time as the Services can be performed safely and in conformity with such policies and procedures. Additionally, if prompt action within the scope of any Services is required to avoid or mitigate losses from an Emergency, the Provider shall take such reasonable actions, or cause such actions to be taken, in the Provider's reasonable judgment, to the extent required to avoid or mitigate the Emergency. The Provider shall promptly notify the Company of the Emergency, and the remedial and preventive actions taken and the costs incurred or reasonably expected to be incurred. Unless the Emergency is the direct result of gross negligence or willful misconduct of the Provider's officers, directors, agents or personnel (acting within the course and scope of their employment by the Provider), the costs incurred for actions taken pursuant to this Section 11.3 and the costs incurred as the result of any necessary delay shall be paid or reimbursed by the Company in accordance with Article 7.

## ARTICLE 12 GENERAL PROVISIONS

- 12.1 Confidentiality Agreement. Each Party agrees that the provisions of Section 20 of the Operating Agreement shall apply to all Confidential Information disclosed or made available by a Party to the other Party pursuant to this Services Agreement.
- 12.2 Interest on Overdue Amounts. Any amount due to a Party under this Services Agreement shall accrue interest daily from the deadline for payment thereof until paid at the Default Rate.
- 12.3 Assignment. Neither Party may assign this Services Agreement or any of its rights hereunder or delegate any of its duties hereunder to any Person without the prior written consent of the other Party. Notwithstanding the foregoing, the Provider may assign this

Services Agreement to any of its Corporate Affiliates without the Company's consent if the proposed assignee has the expertise, resources and capability to perform the Services and agrees in writing to be bound by the terms of this Services Agreement. The Provider shall be relieved of and released from its obligations under this Services Agreement from and after any such assignment.

- 12.4 Setoff. A Party may offset any amounts it owes to the other Party pursuant to this Services Agreement by any amount such other Party owes to it pursuant to this Services Agreement.
- 12.5 Applicable Law. This Services Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Delaware, without regard to its conflict of laws principles.
- 12.6 Binding Agreement; No Third Party Beneficiaries. This Services Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns. Nothing in this Services Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations or liabilities under or by reason of this Services Agreement, except as expressly provided herein.
- 12.7 Notices.
- 12.7.1 All notices, demands, requests or communications which are required or authorized by this Services Agreement are to be in writing and delivered via personal delivery, mailed by registered or certified mail (return receipt requested) postage prepaid, sent prepaid by overnight air courier or facsimile to the addresses designated for each Party on Schedule 12.7, as such Schedule may be modified from time to time.
- 12.7.2 All such notices, demands, requests or communications shall be deemed to have been given and duly received: (i) on the third (3rd) Business Day after posting if mailed as provided; (ii) when delivered personally (including delivery by private courier services) unless such day is not a Business Day, in which case such delivery will be deemed to be made as of the next succeeding Business Day; or (iii) if sent by facsimile, when receipt is evidenced by written confirmation generated by the recipient's facsimile machine showing successful transmission.
- 12.7.3 Either Party may from time to time specify a different address by notice to the other Party.
- 12.8 Terminology. All personal pronouns used in this Services Agreement, whether masculine, feminine or neuter, shall include all other genders, and the singular shall include the plural and vice versa whenever the context requires.
- 12.9 Entire Agreement. This Services Agreement, including the Schedules, contains the entire agreement between the Parties with respect to the matters it purports to cover. This Services Agreement supersedes any prior understanding or oral or written agreement between the Parties respecting the subject matter of this Services Agreement.



- 12.10 Severability. If any one or more of the provisions contained in this Services Agreement, or the application thereof to any Party or to circumstances that may arise hereunder, shall for any reason be held to be invalid, illegal or unenforceable in any respect, the remainder of this Services Agreement and the application of such provision(s) to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by Applicable Law.
- 12.11 Other Instruments. The Parties covenant and agree that they will execute such other and further instruments and documents as are or may become reasonably necessary or convenient to effectuate and carry out the purposes of this Services Agreement.
- 12.12 Amendments. This Services Agreement may only be amended or modified by a written instrument signed by all Parties.
- 12.13 Waivers. No waiver of this Services Agreement, or any part hereof, shall be binding unless made in writing and signed by the Party to be charged with such waiver. No waiver of any breach or condition of this Services Agreement shall be deemed to be a waiver of any subsequent breach or other condition whether of like or different nature.
- 12.14 Counterparts. This Services Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. An executed counterpart may be delivered by facsimile or electronic mail and, when so delivered, shall be legally enforceable in accordance with its terms.
- 12.15 Costs. Each Party shall be responsible for its own costs incurred in connection with the negotiation of this Services Agreement.
- 12.16 WAIVER OF RIGHT TO JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, AND AS SEPARATELY BARGAINED-FOR CONSIDERATION, EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATING TO THE SERVICES OR THIS SERVICES AGREEMENT.
- 12.17 Survival. Any provision specifically designated in this Services Agreement to survive the termination hereof and (unless otherwise expressly provided) any other provision which, by its nature, necessarily may become performable by a Party after termination of this Services Agreement shall survive the expiration of earlier termination of this Services Agreement.
- 12.18 Dispute Resolution. In the event of any failure of the Provider and the Company to reach agreement on any material matter hereunder, a senior executive officer of the Provider and a senior executive officer of a Member that is not a Corporate Affiliate of the Provider shall meet to attempt to resolve any such dispute in good faith. If agreement cannot be reached between such officers within fifteen (15) days (or such longer period as may be agreed between such officers), the Parties shall be free to pursue any other remedy available at law or in equity.

*The next page is the signature page*

IN WITNESS WHEREOF, the Parties have executed this Services Agreement as of the date first set forth above.

**COMPANY**

TRANSOURCE ENERGY, LLC

By: 

Name: Antonio P. Smyth

Title: President

**PROVIDER**

KANSAS CITY POWER & LIGHT COMPANY

By: \_\_\_\_\_

Name: Michael L. Deggendorf

Title: Senior Vice President – Delivery

*Signature Page to KCP&L Services Agreement*

IN WITNESS WHEREOF, the Parties have executed this Services Agreement as of the date first set forth above.

**COMPANY**

TRANSOURCE ENERGY, LLC

By: \_\_\_\_\_

Name: Antonio P. Smyth

Title: President

**PROVIDER**

KANSAS CITY POWER & LIGHT COMPANY

By:  \_\_\_\_\_

Name: Michael L. Degendorf

Title: Senior Vice President – Delivery

Approved as to Legal Form
JXH 4/3/2012
KCP&L Legal Department

*Signature Page to KCP&L Services Agreement*

## SCHEDULE 1.1 DEFINITIONS

“Administrative Charges” means the costs and expenses of any personnel of the Provider or any of its Corporate Affiliates who perform or conduct the duties or functions described in Section 2.8.1, which charges shall be determined in accordance with Section 6.1.

“Applicable Law” means: (i) any statute, law, ordinance, executive order, rule or regulation; (ii) any guideline or notice having force of law, including any applicable requirements of NERC or a regional transmission organization or similar planning authority; or (iii) any approval, permit, code, standard of conduct, regulatory code of conduct, license, franchise, judgment, order, decree, injunction, or writ of any Governmental Authority applicable to a specified Person or specified property, in each case as in effect from time to time.

“Approved Budget” has the meaning set forth in Section 2.6.1.

“Business Day” means any working day in the United States other than a Saturday, Sunday or a day on which banks located in New York, New York are authorized or required by Applicable Law to close.

“Claim” has the meaning set forth in Section 10.1.1.

“Company” has the meaning set forth in the preamble hereto.

“Company Project” means any electric transmission project approved by the Company in accordance with and pursuant to the Operating Agreement.

“Company Indemnified Person” has the meaning set forth in Section 10.1.2.

“Confidential Information” has the meaning set forth in the Operating Agreement.

“Contract” means any legally binding contract, agreement, arrangement, bond, instrument, note, mortgage, license or other instrument of any kind.

“Corporate Affiliate” of a specified Person means any other Person (other than a natural person) that directly or indirectly controls, is controlled by or is under common control with the Person specified. For purposes of this definition, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by Contract or otherwise); provided, that, in any event, any Person that owns directly or indirectly securities having at least fifty percent (50%) of the voting power for the election of directors or other members of the governing body of a corporation or at least fifty percent (50%) of the partnership or other ownership interests (that carry voting power) of any other Person will be deemed to control such corporation or other Person.

“Default Rate” means the prime rate in effect from time to time as published by The Wall Street Journal (and generally defined therein as the base rate on corporate loans posted by at least

seventy-five percent (75%) of the nation's thirty (30) largest banks) plus five percent (5%) or, if less, the maximum annual interest rate permitted by Applicable Law.

“Defaulting Party” has the meaning set forth in Section 8.1.

“Effective Date” has the meaning set forth in the preamble hereto.

“Emergency” has the meaning set forth in Section 11.3.

“Environmental Laws” means all federal, state or local laws, foreign law, treaty or international agreement and all licenses, permits, authorizations, approvals, consents, judicial or administrative orders, judgments, decrees, directives, injunctions, requirements or agreements of or with any Governmental Authority, in each case relating to: (i) pollution, protection, restoration or preservation of public health and the environment; (ii) human health or safety; or (iii) exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release, threatened release or disposal of, Hazardous Materials, including the Federal Water Pollution Control Act (33 U.S.C. §§ 1251 et seq.), the Resources Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.), the Safe Drinking Water Act (42 U.S.C. §§ 3000(f) et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), the Clean Water Act (33 U.S.C. §§ 1311 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. §§ 11001 et seq.), the Occupational Safety and Health Act of 1970 (29 U.S.C. §§ 651 et seq.), the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. §§ 1201 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §§ 136 et seq.) and the Oil Pollution Act (33 U.S.C. §§ 2701 et seq.) and any similar state law.

“Event of Default” has the meaning set forth in Section 8.1.

“FERC” means the Federal Energy Regulatory Commission.

“Force Majeure” means any circumstance or cause reasonably beyond a Party's control, which could not reasonably be prevented, avoided or removed with the exercise of reasonable diligence of the affected Party, and which causes such Party to be delayed in the performance of, or unable to perform, its obligations under this Services Agreement. Such causes may include, to the extent they meet the foregoing criteria, condemnation, expropriation, invasion, plague, drought, landslide, hurricane, flood, lightning, tornado, storm, earthquake, fire, explosion, epidemic, quarantine, war (declared or undeclared), terrorism or other armed conflict, material physical damage to the Company's property caused by third parties, inability to gain access to real property as necessary to perform Services (except to the extent that the failure to gain access is the result of the acts or omissions of the affected Party or its Corporate Affiliates), riot or similar civil disturbance or commotion, other act of God, act of the public enemy, blockade, insurrection, sabotage or vandalism, embargo, change in Applicable Law as described in Section 11.2, an act of any Governmental Authority, regional transmission organization or similar planning authority and labor strikes, work stoppages or other labor unrest.

“Good Industry Practice” means the practices, methods and acts engaged in or approved by a significant portion of electric transmission project developers and owners in the United States during the relevant time period, or any of the practices, methods and acts that, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, would have been expected by a significant portion of such Persons to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition; provided, however, that Good Industry Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is intended to include generally accepted practices, methods or acts.

“Governmental Authority” means: (i) any federal, state, foreign, tribal, local or municipal governmental body; and (ii) any governmental, regulatory or administrative agency, commission, body, instrumentality or other authority exercising or entitled to exercise executive, judicial, legislative, administrative, regulatory or taxing authority or power, including any court or other tribunal.

“Indemnified Person” means a Company Indemnified Person or a Provider Indemnified Person.

“Indemnifying Party” has the meaning set forth in Section 10.2.1.

“Intellectual Property Rights” means any or all of the following: (i) all United States, international and foreign patent rights, patents and applications therefor and all reissues, divisions, extensions, provisionals, continuations and continuations-in-part thereof; (ii) all copyrights, copyright and mask work registrations and applications therefor and all other rights corresponding thereto throughout the world; (iii) all trade secret rights throughout the world; (iv) all rights under agreements relating to any of the foregoing; and (v) any similar or equivalent rights anywhere in the world.

“Insurance Plan” has the meaning set forth in Article 9.

“Member” has the meaning set forth in Section 8.2.1.

“NERC” means the North American Electric Reliability Corporation.

“New Provider” has the meaning given to it in Section 8.8.6.

“Non-Defaulting Party” means, with respect to an Event of Default, the Party that is not the Defaulting Party.

“Operating Agreement” has the meaning set forth in the recitals hereto.

“Party” and “Parties” have the meanings set forth in the preamble hereto.

“Person” means an individual, trust, estate, corporation, partnership, joint venture, limited liability company, business trust, unincorporated association or Governmental Authority.

“Proprietary Property” means, to the extent not in the public domain, any: (i) discoveries, inventions (whether patentable or not), invention disclosures, improvements (whether patentable

or not), formulae, formulations and know-how; (ii) technical and product specifications, equipment descriptions, plans, layouts, drawings, computer programs, assemblies, quality control procedures, installation procedures, operating procedures, operating and/or maintenance manuals, instructions and other user documentation, technical and marketing information, designs, data and/or other similar items; (iii) other trade secrets, copyrightable material or proprietary information; and (iv) all documentation of any of the foregoing.

“Provider” has the meaning set forth in the preamble hereto.

“Provider Indemnified Person” has the meaning set forth in Section 10.1.1.

“SEC” means the U.S. Securities and Exchange Commission.

“Services” means, with respect to any period of time, all of the services described in Schedule 2.1 that the Company has requested the Provider to perform for such period pursuant to this Services Agreement.

“Services Agreement” has the meaning set forth in the preamble hereto.

“Services Agreements” means this Services Agreement and the Services Agreement of even date herewith by and between the Company and American Electric Power Service Corporation.

“Subcontractor” has the meaning set forth in Section 2.5.2.

“Subsidiary” and “Subsidiaries” have the meanings set forth in the recitals hereto.

“Term” has the meaning set forth in Section 5.1.

“Work Product” has the meaning set forth in Section 4.1.

## SCHEDULE 2.1 SERVICES

### BUSINESS SERVICES

1. Providing personnel as may be reasonably necessary to manage, administer and oversee the Company's and the Subsidiaries' affairs and activities, including pursuing, studying and evaluating opportunities to develop or acquire Company Projects.
2. Administering, in the name and on behalf of the Company and each of its Subsidiaries, billing for services and collection of amounts due to the Company and each of its Subsidiaries.
3. Establishing, in the name and on behalf of the Company and each of its Subsidiaries as the representative of the Company and each of its Subsidiaries, one or more bank accounts and other collection, cash management and disbursement facilities as the Company deems appropriate (with the Provider's personnel having appropriate signature authority) and using such facilities to collect sums due to the Company and its Subsidiaries from any source and, subject to the terms of this Services Agreement and this Schedule, administering the payment of all sums owed by the Company or any Subsidiary. The Provider shall not commingle the Company's or any Subsidiary's funds with the funds of any other Person, including the Provider. The Provider's obligations to disburse funds shall not obligate it to make any disbursement unless the Company or a Subsidiary, as applicable, has funds sufficient therefor and such funds are available for disbursement.
4. Preparing and delivering to the Company, at times and with frequencies determined by the Company (but no less frequently than annually), a budget (the "Consolidated Budget") setting forth in reasonable detail all costs and expenses anticipated to be incurred or accrued by the Company in connection with the operation of the Company and its Subsidiaries during each calendar year, including the costs and expenses to be incurred or accrued by the Company pursuant to each budget delivered to the Company pursuant to the Services Agreements. Each Consolidated Budget shall be in a form reasonably satisfactory to the Company and shall include: (i) costs anticipated to be incurred, and revenues anticipated to be received, by the Company and each of its Subsidiaries, including pursuant to the Services Agreements; (ii) construction costs anticipated to be incurred by the Company and each of its Subsidiaries during such calendar year; (iii) an estimate of the operating and maintenance costs of the Company and each of its Subsidiaries for such calendar year, including appropriate contingency reserves; (iv) an estimate of the capital costs of the Company and each of its Subsidiaries during such calendar year; (v) a schedule of funds required to operate and maintain the Company and each of its Subsidiaries for such calendar year and the assets of the Company and such Subsidiaries, including a schedule of anticipated capital requirements for such calendar year; and (vi) a three-year forecast of the construction, operating and maintenance and capital costs of the Company and each of its Subsidiaries. The Provider shall, from time to time, revise the Consolidated Budget as reasonably necessary or as requested by the Company.
5. Preparing and delivering to the Company at times and with frequencies determined by the Company (but no less frequently than annually), a report (the "Consolidated Cost Report")

SCHEDULE 2.1-1



setting forth in reasonable detail all costs and expenses actually incurred or accrued by the Company and each of its Subsidiaries.

6. Managing the Company's and, to the extent applicable, each of its Subsidiaries', internal accounting, internal and external auditing, control (including providing reasonable assistance to facilitate the compliance by each Member with the Sarbanes-Oxley Act) and treasury functions.

7. Engaging and directing, in the name and on behalf of the Company, accountants, consultants and experts as appropriate.

8. Designing and administering a system of controls for the activities, obligations and expenditures of the Company and its Subsidiaries.

9. Managing the investment of the Company's and, to the extent applicable, each of its Subsidiaries' funds so as to provide adequate liquidity for the Company's and each of its Subsidiaries' operations, protect against investment losses and earn investment returns commensurate with such requirements of liquidity and safety. The Provider shall not commingle the Company's investments with the investments of any other Person, including the Provider.

10. Preparing and delivering to the Company the following financial information:

- a. on a monthly basis, preliminary trial balances and consolidating financials for the immediately preceding calendar month subtotaled in a format consistent with the financial statements delivered pursuant to paragraph (b)(i) below;
- b. on a monthly basis:
  - i. statements of operations, statements of financial position and statements of cash flows for the immediately preceding calendar month consistent with the reporting requirements of the SEC;
  - ii. detailed trial balances for the immediately preceding calendar month utilizing FERC accounts summarized in a manner so as to tie directly into the lines on the financial statements delivered pursuant to clause (i) above;
  - iii. analyses of fluctuations in major financial statement caption lines for the immediately preceding calendar month which compare those lines to the information for the prior period (prepared on a year-to-date and quarter-to-date basis); and
  - iv. work papers supporting the determination of the statements of cash flows for the immediately preceding calendar month; and
- c. any other financial information reasonably requested by the Company in connection with the Company's, or any Member's, consolidated financial reports and analyses.

SCHEDULE 2.1-2

11. Supporting the Company and the Members in documenting the controls over financial reporting associated with the Company and its businesses.
12. Preparing and filing FERC Form 1's and FERC Form 3Q's on behalf of the Company and each of its Subsidiaries.
13. Managing the Company's and each of its Subsidiaries' internal and external legal services.
14. Maintaining documents and records of the Company and each of its Subsidiaries.
15. The Parties shall cooperate and support orderly transitions of the accounting function related to commencement and termination of Business Services.

#### **TAX COMPLIANCE SERVICES**

1. Managing the Company's and each of its Subsidiaries' tax compliance function, including preparing (or causing to be prepared) and submitting to the Company for approval, signing and filing, all local, state and federal tax returns (including information returns, reports, estimates and other similar information filed with a taxing authority).
2. Assisting the Company and each of its Subsidiaries in connection with any audits, investigations or other inquiries by a taxing authority.
3. Preparing and providing to the Company any information concerning the Company necessary for the preparation of any Member's income tax return(s).

#### **RISK MANAGEMENT SERVICES**

1. Recommending to the Company a risk management plan, including an insurance portfolio for the Company's and each of its Subsidiaries' properties and operations and other elements of the Company's and each of its Subsidiaries' risk (including liquidity, cash flow and credit risk) for the Company's approval.
2. Reviewing the Company's risk management plan on an annual basis (or more frequently if requested by the Company) and, to the extent applicable, recommending suggested modifications.
3. Administering the implementation and maintenance of the insurance portfolio and risk management plan approved by the Company from time to time.
4. Managing any claims made by or against the Company, including managing the settlement of claims under the Company's and each of its Subsidiaries' insurance portfolio. The

#### **SCHEDULE 2.1-3**

Provider shall not make any ultimate agreement on settlement without the prior approval of the Company.

## **SITING AND LAND ACQUISITION SERVICES**

1. Analyzing and making recommendations to the Company with respect to the siting of the Company Projects (including conducting all necessary studies, public workshops and other public communication activities with respect to such siting). The Provider's recommendations shall be based on the applicable requirements of regional transmission organizations and similar planning authorities, local land use and zoning considerations and geology and geography.
2. With respect to any real property interest on which the Company Projects are, or are expected, to be situated: (i) conducting appropriate environmental due diligence; (ii) obtaining appropriate rights to enter such real property interest for inspection and surveying; (iii) obtaining appropriate title work; (iv) managing the acquisition of such real property interest on behalf of the Company and each of its Subsidiaries; and (v) procuring (or managing, overseeing and prosecuting, in the name and on behalf of the Company and each of its Subsidiaries, the procurement of) any Third Party Approvals required to use or access such real property interest.
3. With respect to any real property interest on which the Company Projects are, or are expected, to be situated, documenting such real property interest by files and maps, in accordance with formats reasonably acceptable to the Company and providing surveys as needed to obtain such real property interest.
4. With respect to any real property interest on which the Company Projects are, or are expected, to be situated, identifying landowners and required crossing locations and managing communications with such landowners so as to obtain required permissions.
5. With respect to any real property interest on which the Company Projects are, or are expected, to be situated, negotiating, on a case by case basis, the terms for the acquisition of each parcel of such real property interest, including all monetary payments associated therewith; provided, that the Provider shall not enter into any agreement or bind the Company or any of its Subsidiaries in respect of such real property interest without the Company's or such Subsidiaries' express written consent. The Provider provides no guarantee that any such real property interest can be obtained, nor does it guarantee that the transmission line routes that the Company selects will ultimately receive necessary Third Party Approvals.
6. Providing the Company with a written plan (the "Right-of-Way Acquisition Plan") for the acquisition of all real property interests on which the Company Projects are, or are expected, to be situated, which plan shall include: (i) a schedule for the acquisition of real property interests, including identification of real property interests and locations thereof, that will need to be acquired; (ii) the timing of optioning and acquiring such real property interests; and (iii) guidelines and procedures to be utilized by the Provider in negotiating the acquisition of such real property interests. The Provider shall amend or update the Right-of-Way Acquisition Plan as reasonably necessary. The Provider shall diligently proceed to implement the Right-of-Way Acquisition Plan.

SCHEDULE 2.1-4

7. Providing the Company and each of its Subsidiaries with a written summary and instructions for reasonable access (and any applicable restrictions) to the real property interests on which the Company Projects are, or are expected, to be situated to facilitate the Engineering and Design Services and the Construction Services.

8. All real property interests shall be acquired, and any options with respect thereto shall be executed, in the name of the Company or a Subsidiary pursuant to forms of agreement(s) approved by the Company. Any amounts owed to landowners in respect of the acquisition of real property interests shall be paid directly by the Company or a Subsidiary.

9. The Siting and Land Acquisition Services shall not include initiating or managing litigation to condemn real property interests; provided, that the Provider shall cooperate with, and provide support to, the Company and each of its Subsidiaries and their respective legal counsel with respect to any such litigation, including providing evidence and testimony regarding valuation, prior negotiations and other matters related to the condemnation.

## **REGULATORY SERVICES**

1. Drafting, preparing, filing, monitoring and prosecuting all applications and other documentation in an effort to obtain Third Party Approvals (including such Third Party Approvals pursuant to Environmental Laws and federal and state energy regulatory laws) necessary for the Company and each of its Subsidiaries to develop, construct, own, operate, maintain, repair and replace the Company Projects.

2. Engaging and directing outside legal counsel as appropriate in connection with the foregoing activities.

## **PROCUREMENT SERVICES**

1. Managing procurement activities, including: (i) identifying qualified vendors and equipment and material suppliers; (ii) conducting requests for information; (iii) conducting requests for quotations; (iv) conducting negotiations; (v) recommending awards of contracts; (vi) preparing prudency reviews; and (vii) developing vendor and equipment and material supply contracts.

2. Managing equipment and material delivery to the job site for the Company Projects including: (i) providing equipment and material expediting services; (ii) coordinating equipment and material delivery; and (iii) coordinating storage requirements with service providers providing Construction Services.

3. Preparing and submitting to the Company and each of its Subsidiaries for its approval bid packages for all contracts, purchase orders, bills of sale or other agreements to be entered into by the Company and/or any of its Subsidiaries, on the one hand, and any other Person other than the Provider or any Affiliate of the Provider, on the other hand, in connection with any service to be

### **SCHEDULE 2.1-5**

provided to or for the Company or any of its Subsidiaries or any materials or equipment to be purchased by the Company or any such Subsidiaries (“Direct Contracts”) necessary in connection with the development, construction, ownership, operation, maintenance, repair or replacement of the Company Projects.

4. Negotiating Direct Contracts on behalf of the Company and its Subsidiaries, subject to direction and advice from the Company and/or such Subsidiaries, as applicable.
5. Managing and administering, and performing inventory control and other contract management services with respect to, Direct Contracts.
6. Processing and prosecuting, on behalf and in the name of the Company and its Subsidiaries, any warranty or other claims with respect to Direct Contracts.
7. On an annual basis, submitting to the Company a budget setting forth the costs and expenses anticipated to be incurred or accrued with respect to Direct Contracts. The Provider shall submit to the Company updates to such budget from time to time as necessary to reflect material changes thereto.
8. The Provider shall perform the Procurement Services in compliance with any procurement policies and procedures adopted by the Company and each of its Subsidiaries.

#### **ENGINEERING AND DESIGN SERVICES**

1. Engineering and designing the Company Projects, including: (i) specifying materials and equipment to be incorporated therein; (ii) developing conceptual designs and detailed designs; (iii) preparing construction drawings and as-built drawings; (iv) preparing design calculations; (v) performing engineering design services related to the real property on which the Company Projects are to be situated (including preparing surveys, environmental analyses and reports, soils and subsurface studies and preliminary Phase I reports); (vi) conducting necessary core borings on the real property on which the Company Projects are to be situated; (vii) performing any engineering necessary to facilitate transportation and delivery of equipment and materials in connection with the Services, including the transportation and delivery of materials to work sites; and (viii) procuring (or managing, overseeing and prosecuting, in the name and on behalf of the Company and/or any of its Subsidiaries, the procurement of) any necessary Third Party Approvals for the design and engineering of the Company Projects.
2. Providing to the Company and its Subsidiaries for their review and comment: (i) all initial design drawings of the Company Projects; (ii) all detailed and working drawings, specifications, engineering calculations and other documents prepared in connection with the engineering and design of such Company Projects; and (iii) all detailed construction drawings of the Company Projects. In addition, the Provider shall provide the Company and its Subsidiaries with access, at reasonable times, to design and engineering methods, calculations and data used in performing the Engineering and Design Services.

SCHEDULE 2.1-6

3. Notwithstanding any other provision of this Services Agreement or this Schedule, submitting each of the following items (including all conceptual and detailed designs, all construction and as-built drawings and all design calculations related thereto) to the Company and its Subsidiaries for their review, comment and final approval; provided, that if the Company or any Subsidiary fails to approve any such item, the Company and such Subsidiary shall cooperate with the Provider to develop an alternative to such item that is acceptable to the Company and such Subsidiary and consistent with Good Industry Practice:

- a. loading criteria for line structures;
- b. insulator types;
- c. the need for and application of optical ground wire for shield wires;
- d. the design approach for overall voltage protection;
- e. line and station naming conventions; and
- f. testing and commissioning plans.

4. Delivering, at a minimum, the following items to the Company and its Subsidiaries, on a schedule to be agreed upon by the Provider and the Company or such Subsidiary: (i) results of EMF, noise and corona studies; (ii) plan and profile drawings in Microstation and paper format; (iii) field data (staking sheets); (iv) PLS CADD models; (v) copies of detailed drawings, specifications and calculations prepared in connection with the design of the Company Projects; and (vi) a final engineering package to support the Company's and its Subsidiaries' maintenance activities.

5. The Provider shall not have any authority to modify any specification for a Company Project, once it has been approved by the Company or a Subsidiary, without the consent of the Company or such Subsidiary.

## **CONSTRUCTION SERVICES**

1. Managing the construction of the Company Projects and the installation of the facilities comprising such projects, including: (i) providing appropriate environmental, safety and quality assurance/control compliance measures; (ii) managing relationships with affected landowners during construction activities including settling construction damage claims; (iii) inspecting and testing the construction as necessary and appropriate; (iv) performing any necessary maintenance before the Company Projects are energized (other than merely for test purposes); (v) managing the placement of the Company Projects in service; and (vi) procuring (or managing, overseeing and prosecuting, in the name and on behalf of the Company or any Subsidiary, the procurement of) all Third Party Approvals necessary for the construction of the Company Projects.

2. Preparing and delivering to the Company and its Subsidiaries construction schedules for the Company Projects (each, a "Construction Schedule") setting forth, at a minimum:

### SCHEDULE 2.1-7

(i) preliminary due dates for construction progress reports to be delivered by the Provider to the Company and its Subsidiaries during the construction period; (ii) proposed key milestone dates for the construction of the Company Projects; and (iii) a projected date for the completion of the Company Projects. The Construction Schedule shall be in a form reasonably acceptable to the Company and its Subsidiary. The Provider shall update the Construction Schedule from time to time as reasonably necessary or as reasonably requested by the Company or such Subsidiary. The Construction Schedule is a planning document only and shall not be binding on the Parties.

3. Notwithstanding any other provision of this Schedule 8, the Provider shall not have any authority to modify any specification for a Company Project, once it has been approved by the Company or a Subsidiary, without the consent of the Company or such Subsidiary.

## **OPERATION AND MAINTENANCE SERVICES**

1. Coordinating interconnection activities with other parties and administering the interconnection agreements and related agreements of the Company and each of its Subsidiaries with transmission and distribution providers to which the Company Projects are interconnected and with generators whose generation facilities are interconnected with the Company Projects.

2. Negotiating interconnection and related agreements, administering the performance of the Company and each of its Subsidiaries under such agreements, enforcing the Company's and its Subsidiaries' rights under such agreements and managing communications with the counterparties thereto under or concerning such agreements.

3. Being responsible for the maintenance and repair of the Company Projects, including: (i) conducting periodic patrols and inspection of the Company Projects and the Company's and its Subsidiaries' right-of-way areas; (ii) periodically clearing right-of-way areas; (iii) periodically testing the Company Projects; and (iv) replacing worn or broken parts.

4. Performing local field operations for the Company Projects, including switching, diagnostic testing and analysis, calibration, and other similar activities deemed necessary or appropriate from time to time by the Provider to facilitate the O&M Services.

5. Providing system control and data services, including all services to supervise, monitor, control, dispatch, restore and maintain operational data for the Company Projects in coordination with applicable requirements of regional transmission organizations and similar planning authorities.

6. Procuring and warehousing replacement parts in accordance with Good Industry Practice.

7. Performing and providing all engineering necessary to support the O&M Services.

8. Performing any other service or activity necessary or appropriate from time to time to maintain and operate the Company Projects in accordance with the Provider's maintenance and quality assurance/control and safety guidelines.

## **SCHEDULE 2.1-8**

9. Cooperating and coordinating its activities with the activities of the Company and its Subsidiaries, on the one hand, and those of any Person providing operation or maintenance services, on the other hand, so as to minimize delays, errors, inconsistencies, changes and unnecessary costs.

## **WEB HOSTING SERVICES**

1. Establishing, operating, maintaining and updating and granting the Company and its Subsidiaries access to an internet website that will enable the Company and its Subsidiaries to interface with all visitors to the website, including the Company's and its Subsidiaries' subcontractors, suppliers and vendors.

2. Without limiting any obligations the Provider may have in connection with any Services, the Provider shall have no obligation to validate the content, correctness or usability of any trademarks, trade names, logos, characters, written materials, graphics, photographs or other materials provided by the Company or any Subsidiary to the Provider, in whatever form or media ("Company Content"). All deliverables and other materials developed or prepared for the Company or its Subsidiaries by the Provider, all Company Content and the look and feel of the internet website, together with all patent rights, copyrights, trademarks, trade names and other proprietary rights (collectively, "Company Materials") are, and shall at all times be, the exclusive property of the Company. All Company Materials that constitute works of authorship shall be deemed to be works made for hire to the extent permissible under the federal copyright laws.

3. In the event the Provider enters into a subcontract to provide the Web Hosting Services, the obligations, responsibilities and liabilities of the Provider to the Company and its Subsidiaries with respect to Web Hosting Services shall not be more onerous than the obligations, responsibilities and liabilities of such Subcontractor pursuant to the terms of such subcontract.



**SCHEDULE 9  
INSURANCE PLAN**

**I. PROVIDER INSURANCE**

Workers' Compensation/Employers' Liability Insurance.

The Provider shall maintain Workers' Compensation Insurance or qualified self-insurance to the extent required by Applicable Law.

The Provider shall maintain Employers Liability Insurance in an amount not less than \$500,000 each accident, \$500,000 disease policy limit and \$500,000 disease each employee.

Automobile Liability Insurance.

The Provider shall maintain Automobile Liability Insurance in respect of all mechanically propelled vehicles used in any circumstances such as to be liable for compulsory motor insurance in accordance with Applicable Law and shall provide coverage for all owned, non-owned and hired vehicles. Such coverage shall include the Company and its Subsidiaries as additional insureds for any legal liability arising out of the negligence of the Provider and shall be primary and non-contributory to any claims arising out of the negligence of the Provider.

Commercial General Liability Insurance.

The Provider shall maintain Commercial General Liability Insurance (or equivalent) for its legal liability for bodily insurance, property damage or personal injury. Such insurance shall include, subject to policy terms and conditions, contractual liability encompassing the indemnity provisions of the Services Agreement, products/completed operations and independent contractors coverage.

Excess or Umbrella Liability Insurance.

The Provider shall maintain Excess or Umbrella Liability Insurance with coverage with a limit no less than \$25,000,000 in combination with the insurance coverages described above. The required limit may be in any combination of primary and excess or umbrella coverage, so long as the total amount of insurance is no less than \$25,000,000.

Aircraft Liability Insurance.

If aircraft are used in connection with the Services, the Provider shall maintain Aircraft Liability Insurance in respect of any aircraft owned, non-owned, hired or chartered for use. The limit of liability for such Aircraft Liability Insurance shall be no less than \$10,000,000 per occurrence. The Provider shall provide that the Excess or Umbrella Liability Insurance shall be excess of such Aircraft Liability Insurance in the event such insurance is required.

Other Insurance.

The Provider shall maintain insurance providing coverage for the Provider's own equipment being used at any Company project and not becoming permanent works of such project.

II. COMPANY INSURANCE

Workers' Compensation/Employers' Liability Insurance.

The Company shall maintain Workers' Compensation Insurance or qualified self-insurance to the extent required by Applicable Law.

The Company shall maintain Employers Liability Insurance in an amount not less than \$500,000 each accident, \$500,000 disease policy limit and \$500,000 disease each employee.

Automobile Liability Insurance.

To the extent the Company has exposure that would require the maintenance of such coverage, the Company shall maintain Automobile Liability Insurance in respect of all mechanically propelled vehicles used in any circumstances such as to be liable for compulsory motor insurance in accordance with Applicable Law, and shall provide coverage for all owned, non-owned and hired vehicles.

Commercial General Liability Insurance.

The Company shall maintain Commercial General Liability Insurance (or equivalent) for its legal liability arising out of its operations. Such insurance shall include coverage for bodily insurance, property damage or personal injury. Such insurance shall include, subject to policy terms and conditions, contractual liability encompassing the indemnity provisions of the Services Agreement, products/completed operations and independent contractors coverage.

Excess or Umbrella Liability Insurance.

The Company shall maintain Excess or Umbrella Liability Insurance with coverage with a limit no less than \$25,000,000 in combination with the insurance coverages described above. The required limit may be in any combination of primary and excess or umbrella coverage, so long as the total amount of insurance is no less than \$25,000,000.

Aircraft Liability Insurance.

If aircraft are used in connection with the Company's operations, the Company shall maintain Aircraft Liability Insurance in respect of any aircraft owned, non-owned, hired or chartered for use, if any. The limit of liability for such Aircraft Liability Insurance shall be no less than \$10,000,000 per occurrence. The Company shall provide that the Excess or Umbrella Liability Insurance shall be excess of such Aircraft Liability Insurance in the event such insurance is required.

### Property Insurance.

The Company shall be responsible for providing operational property insurance with respect to the Company's facilities and other real property as determined by the Company, and in no event shall the Provider be required to provide operational property insurance with respect to the Company's facilities or other real property. The Company shall cause each of its Property insurers to waive all rights of recovery or subrogation against the Provider for damage to the Company's property.

## III. GENERAL

### Evidence of Insurance.

Evidence of insurance required pursuant to this Schedule 9 in the form of certificates of insurance shall be furnished by each Party upon request of the other Party; and for those insurance coverages whereby the other Party is required to be included as an additional insured, the Party required to include the other Party shall at any time requested by the other Party, deliver to the other Party copies of the applicable terms and conditions of any of the insurance policies so requested if a loss should arise that may give rise to a potential claim against the Provider and/or the Company.

### Insurance Coverages.

Neither Party makes any representation to the other that the insurance coverages specified herein, whether in scope or amounts, are adequate to protect the obligations of either Party, and each Party shall be solely responsible for any deficiencies thereof. Nothing in this Schedule 9 shall be deemed to limit either Party's liability under the Services Agreement.

### Subcontractor's Insurance; Scope of Coverage.

The Company and the Provider shall require appropriate liability insurance (automobile liability, commercial general liability and excess or umbrella liability) and workers' compensation/employers' liability insurance of subcontractors (but not including any subcontractor that is a Corporate Affiliate) who perform services at a Company Project as shall be reasonable and in accordance with Good Industry Practice in relation to the work or other items being provided by each such subcontractor. Upon a Party's reasonable request, the other Party shall require its subcontractors (but not including any subcontractor that is a Corporate Affiliate) performing work at a Company Project site to provide evidence of the insurance maintained by such subcontractor.

### Other.

With respect to Workers' Compensation/Employer's Liability Insurance and Auto Liability Insurance, the Party obligated to obtain such coverage shall cause the applicable insurer, where permitted by Applicable Law, to waive for the benefit of the other Party all rights of recovery

and subrogation against the other Party, its Corporate Affiliates and their respective directors, officers, agents and employees.

With respect to Commercial General Liability Insurance and Excess or Umbrella Liability Insurance, the Party obligated to obtain such coverage shall cause the applicable insurer to waive any right of recovery which it may have or acquire against the other Party, its Corporate Affiliates and their respective directors, officers, agents and employees. Each Commercial General Liability policy shall provide for a severability of interest clause and a cross liability clause.

Notwithstanding anything to the contrary contained in this Schedule 9 or otherwise in the Services Agreement, it is intended for the Company's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance to be primary and non-contributory to the Provider's insurance for liability for bodily injury, property damage or personal injury arising out of the assets or operations of the Company. The Provider and the Provider's officers, directors, employees and agents shall be included as insureds or additional insureds, as appropriate, on the Company's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance policies for its/their liability arising out of the operations or assets of the Company. The Provider's Commercial General Liability Insurance and/or Excess or Umbrella Liability Insurance policies shall be excess of the Company's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance. This paragraph shall not apply to liability arising out of the Provider's owned, non-owned or hired vehicles (Automobile Liability Insurance).

In the event any insurance described herein (including the limits or deductibles thereof) is not available on commercially reasonable terms in the commercial insurance market, the applicable Party shall not be required to obtain or maintain such coverage, but shall maintain any such insurance up to the level, if any, at which such insurance can be obtained and maintained on commercially reasonable terms in the commercial insurance market.

All insurance required to be maintained shall be placed with financially sound and reputable insurers having an A. M. Best rating of A-VII (or equivalent rating from another recognized rating agency) or better.

Each Party shall provide or cause to be provided to the other Party ten (10) days notice in the event of cancellation of any insurance required to be maintained due to non-payment of premium and thirty (30) days notice in the event of cancellation for any other reason.

#### SCHEDULE 9-4

**SCHEDULE 12.7  
ADDRESSES FOR NOTICES**

If to the Company:                   Transource Energy, LLC  
1 Riverside Plaza  
Columbus, Ohio 43215  
Fax: (614) 552-1628  
Attn: President  
Email: apsmyth@aep.com

with a copy to:                       American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, Ohio 43215  
Fax: (614) 716-2014  
Attn: Office of the General Counsel  
Email: rgryan@aep.com

If to the Provider:                   Kansas City Power & Light Company  
1200 Main Street  
Kansas City, MO 14105  
Attn: Senior Vice President – Delivery  
Fax: (816) 556-2924  
Email: Michael.Deggendorf@kcpl.com

with a copy to:                       Great Plains Energy Incorporated  
1200 Main Street  
Kansas City, MO 04105  
Attn: Assistant Secretary and Corporate Counsel –  
Securities and Finance  
Fax: (816) 654-1970  
Email: Leah.Huddleston@kcpl.com

SCHEDULE 12.7-1

**SUPPORT AGREEMENT**

**BY AND BETWEEN**

**TRANSOURCE ENERGY, LLC**

**AND**

**KANSAS CITY POWER & LIGHT COMPANY**

**May 10, 2012**

## TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS; RULES OF CONSTRUCTION .....	1
1.1 Definitions .....	1
1.2 Rules of Construction .....	1
ARTICLE 2 SERVICES.....	2
2.1 Request for Services .....	2
2.2 Standards for Performance .....	3
2.3 Control of Work.....	3
2.4 Instructions and Clarifications .....	3
2.5 Intentionally Omitted.....	3
2.6 Budgets .....	3
2.7 Status Reports; Documentation .....	4
2.8 Limitation on Authority .....	4
ARTICLE 3 OWNER OBLIGATIONS .....	4
3.1 Standards for Performance .....	4
3.2 Cooperation.....	4
3.3 Access .....	4
3.4 Authorizations.....	5
ARTICLE 4 INTELLECTUAL PROPERTY .....	5
4.1 Ownership of Work Product .....	5
4.2 Intellectual Property Rights .....	5
4.3 Survival.....	6
ARTICLE 5 TERM .....	6
5.1 Term.....	6
ARTICLE 6 COMPENSATION .....	6
6.1 Charges for Services .....	6
6.2 Invoicing .....	6
6.3 Sales and Use Taxes .....	6
6.4 Payment .....	6
6.5 Right to Review Information .....	7
ARTICLE 7 WARRANTIES .....	7
7.1 No Direct Warranties .....	7
7.2 Exclusive Remedy .....	7
ARTICLE 8 DEFAULT AND TERMINATION .....	7
8.1 Events of Default .....	7
8.2 Termination for Cause .....	8
8.3 Automatic Termination.....	8
8.4 Termination by Mutual Agreement .....	8
8.5 Termination Based on Non-Affiliation.....	8
8.6 Fines and Penalties .....	8
8.7 Limitations on Liability .....	8
8.8 Exclusive Remedies.....	9
8.9 Obligations Upon Termination .....	9
ARTICLE 9 INSURANCE.....	9

9.1 Required Coverage .....	9
ARTICLE 10 INDEMNIFICATION .....	10
10.1 Indemnification of Third Party Claims .....	10
10.2 Indemnification Procedures .....	10
10.3 Subrogation.....	11
10.4 Survival.....	11
ARTICLE 11 EXCUSED PERFORMANCE .....	11
11.1 Force Majeure .....	11
11.2 Change in Law .....	11
11.3 Emergencies.....	12
ARTICLE 12 GENERAL PROVISIONS .....	12
12.1 Confidentiality .....	12
12.2 Interest on Overdue Amounts .....	14
12.3 Assignment .....	14
12.4 Setoff.....	14
12.5 Applicable Law.....	14
12.6 Binding Agreement; No Third Party Beneficiaries .....	14
12.7 Notices .....	14
12.8 Terminology .....	15
12.9 Entire Agreement.....	15
12.10 Severability .....	15
12.11 Other Instruments .....	15
12.12 Amendments .....	15
12.13 Waivers .....	15
12.14 Counterparts.....	15
12.15 Costs .....	16
12.16 Waiver of Right to Jury Trial.....	16
12.17 Survival.....	16
12.18 Dispute Resolution.....	16

SCHEDULES AND ANNEX

- Schedule 1.1 Definitions
- Schedule 9 Insurance Plan
- Schedule 12.7 Addresses for Notices
  
- Annex 1 Services Agreement



## SUPPORT AGREEMENT

This Support Agreement (the “Support Agreement”), dated as of May 10, 2012 (the “Effective Date”), is entered into by and between TRANSOURCE ENERGY, LLC, a limited liability company organized under the laws of the State of Delaware (“Transource”), and KANSAS CITY POWER & LIGHT COMPANY, a corporation organized under the laws of the State of Missouri (“Owner”). Each of Transource and Owner are sometimes referred to herein, individually, as a “Party” and, collectively, as the “Parties.”

### RECITALS

WHEREAS, pursuant to the terms and conditions of the Operating Agreement of Transource dated as of April 3, 2012 (such agreement, as it may be amended from time to time, the “Operating Agreement”), GPE Transmission Holding Company, LLC is obligated to cause Owner to diligently pursue the development of the Iatan Project and, subject to the satisfaction of certain conditions precedent, to transfer such project to Transource or a subsidiary thereof; and

WHEREAS, Transource has entered into that certain Services Agreement dated as of April 3, 2012 (the “Services Agreement”, a copy of which is attached hereto as Annex 1) with American Electric Power Service Corporation (the “Provider”), pursuant to which the Provider is obligated to perform certain services related to the development of electric transmission projects, including the Iatan Project; and

WHEREAS, in anticipation of the transfer of the Iatan Project to Transource, Transource is willing to support the efforts of Owner to develop the Iatan Project in accordance with, and subject to, the terms hereof.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### ARTICLE 1 DEFINITIONS; RULES OF CONSTRUCTION

- 1.1 Definitions. As used in this Support Agreement, terms defined in Schedule 1.1 have the meanings set forth therein.
- 1.2 Rules of Construction. The following provisions shall be applied wherever appropriate herein:
  - (a) “herein,” “hereby,” “hereunder,” “hereof,” “hereto” and other equivalent words shall refer to this Support Agreement in its entirety and not solely to the particular portion of this Support Agreement in which any such word is used;
  - (b) “include,” “includes” and “including” are terms of illustration and not of limitation and shall be deemed in all instances to be followed by the phrase “without limitation”;

- (c) all definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural;
- (d) neither this Support Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsman hereof or thereof;
- (e) the Section headings appearing in this Support Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or extent of such Section, or in any way affect this Support Agreement;
- (f) any references herein to a particular Section, Article, Schedule or Annex means a Section or Article of, or a Schedule or Annex to, this Support Agreement unless another agreement or document is specified; and
- (g) the Schedules and Annexes attached hereto are incorporated herein by reference and shall be considered part of this Support Agreement.

## **ARTICLE 2 SERVICES**

### **2.1 Request for Services.**

2.1.1 In the event Owner desires the Provider to provide Services for the benefit of Owner, it shall deliver written notice to Transource and the Provider specifying the nature and scope of such Services; provided, that neither Transource nor the Provider shall have any obligation to provide such Services unless and until Transource, in its sole discretion, directs the Provider to perform such Services pursuant to Section 2.1.1 of the Services Agreement. Promptly after receipt of notice from Owner requesting any Services pursuant to this Section 2.1.1, Transource shall notify Owner whether it intends to direct the Provider to perform any or all such Services.

2.1.2 Owner may, by written notice, direct that any Services be suspended or terminated at any time and from time to time; provided, that Owner shall be responsible for all charges for demobilization activities and costs reasonably incurred by the Provider as a result of any such suspension or termination.

2.1.3 Owner hereby acknowledges and agrees that all Services provided hereunder will be provided by the Provider pursuant to the Services Agreement, of which Owner is a third party beneficiary with the right to enforce all rights, terms and conditions thereunder with respect to the Services. Accordingly, the Parties hereby agree that any notice, request or direction that Owner is authorized or required to deliver or issue to Transource hereunder with respect to any matter relating to the Services shall not be considered to have been delivered or issued unless and until it is delivered or issued by Owner, as applicable, to the Provider.

- 2.2 Standards for Performance. The Parties acknowledge and agree that the Provider is obligated under the Services Agreement to: (i) provide the Services in a good and workmanlike manner and in conformity with Good Industry Practice and Applicable Law; and (ii) not proceed with any Services unless and until necessary regulatory approvals, if any, for such Services have been obtained. With respect to any Services related to obtaining any third party approvals, Transource does not represent, warrant or guarantee that any such third party approval can or will be obtained.
- 2.3 Control of Work. Owner hereby acknowledges and agrees that the Provider is an independent contractor of Transource and that the Provider is solely responsible for and has control over the means, methods, techniques, scheduling, sequences and procedures used in the performance of the Services, including the supervision, direction and control of the personnel performing the Services.
- 2.4 Instructions and Clarifications. In the event the Provider or Transource requests instructions (or clarification of directives) from Owner prior to taking action with respect to any matter relating to the Services, the Provider may, to the extent reasonably necessary or appropriate, defer such action pending the receipt of such instructions or clarification from Owner. Owner shall not unreasonably withhold or delay any instruction or clarification to Transource or the Provider that is necessary or desirable to enable the Provider to timely and properly perform the Services.
- 2.5 Intentionally Omitted.
- 2.6 Budgets.
- 2.6.1 Owner may request Transource or the Provider to submit a proposed budget setting forth the costs and expenses reasonably anticipated to be incurred in connection with any Services. Any such budget shall be accompanied by reasonably detailed supporting materials showing assumptions and calculations incorporated therein including: (i) an estimate of all costs anticipated to be incurred by the Provider during the performance of the Services or the remainder of each year, whichever is shorter; and (ii) a schedule showing when such costs are expected to be incurred. Each such proposed budget shall be subject to the approval of Owner (each proposed budget, once approved, an "Approved Budget").
- 2.6.2 In the event of a suspension, modification, resumption or termination of any Services that will materially impact an Approved Budget or if Transource or the Provider anticipates that the total costs and expenses for Services will exceed one hundred ten percent (110%) of the then-current Approved Budget, Transource or the Provider shall timely provide to Owner a proposed amended budget reflecting a then-current assessment of costs and expenses to be incurred for Services for the remaining term of the then-current Approved Budget. Any proposed amendment to an Approved Budget shall include the information described in Section 2.6.1 and shall be subject to the approval of Owner.

2.6.3 Notwithstanding any other provision of this Support Agreement, Owner shall pay Transource in accordance with Article 6 all charges for Services, including any such charges in excess of the amounts for such Services set forth in the then-current Approved Budget.

- 2.7 Status Reports; Documentation. Transource or the Provider shall provide Owner with a reasonably detailed written report on the status of the Services and the charges for Services no less frequently than once every two (2) months. Such reports shall be reasonably acceptable to Owner as to form and content and shall, subject to applicable confidentiality restrictions, be accompanied by reasonable back-up documentation.
- 2.8 Limitation on Authority. Notwithstanding any other provision of this Support Agreement and without affecting any other limitations on the rights or duties of Transource hereunder, unless otherwise approved in writing by Owner or authorized pursuant to a written power of attorney granted by Owner to Transource or the Provider, neither Transource nor the Provider shall have authority to: (i) sell, lease, pledge, mortgage, encumber, convey, license, exchange or make any other transfer or disposition of any property of Owner; (ii) make, enter into, execute, amend, waive any rights under or modify or supplement any contract or agreement (including this Support Agreement) on behalf of, binding upon or in the name of Owner; (iii) settle, compromise, assign, pledge, transfer, release or consent to the same of any claim, suit, debt, demand or judgment against or due by Owner, or submit any such claim, dispute or controversy to arbitration or judicial process or stipulate to a judgment, or consent to do the same; (iv) agree to any penalty payable by Owner for violation of any Applicable Law; (v) make any representation or warranty on behalf of Owner; (vi) pledge the credit of Owner; or (vii) cause the conveyance, modification, sale or other disposition of any portion of the Iatan Project.

### **ARTICLE 3 OWNER OBLIGATIONS**

- 3.1 Standards for Performance. Owner shall carry out all of its activities relating to the Services in conformity with Good Industry Practice and Applicable Law. Owner shall not request Transource or the Provider to proceed with any act in connection with this Support Agreement, and neither Transource nor the Provider shall have any obligation to undertake any such act, unless and until all necessary regulatory approvals for such act have been obtained.
- 3.2 Cooperation. Owner shall cooperate with Transource, the Provider and the Provider's subcontractors so as to minimize delays, errors, inconsistencies, changes and unnecessary costs in connection with this Support Agreement.
- 3.3 Access. Owner shall provide (and shall cause its Corporate Affiliates to provide) Transource, the Provider and the Provider's subcontractors with access to Owner's sites and facilities in order for the Provider to perform the Services.

- 3.4 Authorizations. From time to time, Owner shall execute and deliver, as reasonably requested by Transource or the Provider, any authorizations reasonably necessary to facilitate the performance of the Services.

#### ARTICLE 4 INTELLECTUAL PROPERTY

- 4.1 Ownership of Work Product. Upon delivery, and unless otherwise limited by third party interests, Owner shall be the owner of the delivered copies of all drawings, plans, specifications, budgets, schedules, reports and other documents and materials prepared or provided by Transource or the Provider in the performance of the Services (“Work Product”).

- 4.2 Intellectual Property Rights.

4.2.1 Transource hereby grants, and agrees to cause the Provider to grant, to Owner an irrevocable, perpetual, non-transferable (except in connection with an assignment permitted pursuant to Section 12.3), non-exclusive, world-wide, royalty-free, internal use license to copy, use and display the Provider’s Proprietary Property and that of its Corporate Affiliates that is incorporated into any Work Product or otherwise provided to Owner for the purpose for which such Proprietary Property was provided pursuant to this Support Agreement.

4.2.2 The Proprietary Property of Transource, the Provider and their respective Corporate Affiliates is and shall remain the sole and exclusive property of such Person(s). Other than the license granted pursuant to Section 4.2.1, Owner shall have no right, claim or interest of any type, by virtue of this Support Agreement or otherwise, in or to: (i) the Proprietary Property of Transource, the Provider or their respective Corporate Affiliates; or (ii) any other Intellectual Property Rights of Transource, the Provider or their respective Corporate Affiliates. Owner hereby irrevocably waives and releases any right, claim or interest therein or thereto. Owner shall not reverse engineer, decompile, disassemble or otherwise attempt to reproduce the Proprietary Property of Transource, the Provider or their respective Corporate Affiliates in any manner.

4.2.3 Subject to the license granted pursuant to Section 4.2.1, all Intellectual Property Rights that Owner may hereafter acquire, discover, invent, originate, make, develop or conceive, in whole or in part, through its use of the Proprietary Property of Transource, the Provider or their respective Corporate Affiliates shall be the sole, exclusive and unencumbered property of Transource, the Provider or such Corporate Affiliate(s), as applicable, and shall be deemed a part of the Intellectual Property of Transource, the Provider or such Corporate Affiliate(s), as applicable. Owner shall execute and deliver, or cause to be executed and delivered, such agreements, instruments and documents (including one or more memoranda of license suitable for recording in the U.S. Patent and Trademark Office) and shall take such other actions as may be reasonably requested by Transource or the Provider for the purpose of effectuating, evidencing, implementing and facilitating the rights of Transource, the Provider and their respective Corporate Affiliates as set forth in this Section 4.2.3.

4.2.4 In the event that Owner uses any Proprietary Property for any purpose other than as permitted pursuant to Section 4.2.1, without limiting their other remedies, Transource, the Provider or their respective Corporate Affiliates shall have exclusive ownership rights in and to any proceeds, assets or intellectual property resulting from or related to such prohibited activity.

4.2.5 All of Transource's and the Provider's Proprietary Property and that of its Corporate Affiliates shall be deemed to be Confidential Information subject to Section 12.1.

4.3 Survival. This Article 4 shall survive the termination of this Support Agreement.

## **ARTICLE 5 TERM**

5.1 Term. The term of this Support Agreement (the "Term") shall commence on the Effective Date and, unless terminated in accordance with Article 8, shall remain in effect until the date as of which Owner transfers the Iatan Project to Transource.

## **ARTICLE 6 COMPENSATION**

6.1 Charges for Services. Charges for the Services provided pursuant to this Support Agreement shall be equal to the total charges owed for such Services by Transource pursuant to the Services Agreement.

6.2 Invoicing. On or before the fifteenth (15<sup>th</sup>) day of each calendar month, Transource or the Provider shall submit an invoice for all Services performed pursuant to this Support Agreement during the preceding calendar month. Each such invoice shall include an itemization of charges for Services based on the different categories of Services performed and shall direct whether payment for such Services should be made to Transource or directly to the Provider. Any monthly invoice may include billings to adjust or correct billings from prior periods. No less frequently than quarterly, Transource or the Provider shall provide reasonable supporting documentation to support previously invoiced charges, including hours charged for different job classifications and reconciliations against the Approved Budget.

6.3 Sales and Use Taxes. In addition to the amounts payable pursuant to Section 6.1, Owner shall pay Transource and/or the Provider any state or local sales or use tax or any other similar charge owed in connection with the Services (other than any such taxes or charges based on the earnings, income or net worth of Transource or the Provider). Transource shall take, and shall cause the Provider to take, reasonable actions to minimize the amount of such sales and use taxes payable hereunder.

6.4 Payment. Within thirty (30) days after Owner receives an invoice in accordance with Section 6.2, Owner shall pay Transource or the Provider, as applicable, the amount of such invoice. If Owner in good faith disputes any portion of an invoice, Owner shall pay the amount invoiced and provide a written explanation of the basis for the dispute. If any

amount is later determined or agreed not to have been owed by Owner, such amount (together with interest at the Default Rate from the date of payment until the date of reimbursement) shall either be credited against the next invoice or refunded by Transource to Owner within thirty (30) days after the resolution of the dispute. All disputes regarding invoiced amounts shall be resolved in accordance with Section 12.18.

- 6.5 Right to Review Information. Upon reasonable advance notice and at reasonable times, Owner shall have access to, and may examine, inspect, excerpt, audit, copy or transcribe any pertinent records of Transource and/or the Provider to the extent relating to and reasonably necessary to confirm such Person's performance under this Support Agreement. Owner's rights pursuant to this Section 6.5 shall be conducted in a manner that does not unreasonably interfere with the business operations of Transource or the Provider. This Section 6.5 shall survive the termination of this Support Agreement.

## **ARTICLE 7 WARRANTIES**

- 7.1 No Direct Warranties. SUBJECT TO SECTION 7.2: (I) NEITHER TRANSOURCE NOR THE PROVIDER MAKES ANY WARRANTY TO OWNER, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN CONNECTION WITH THE SERVICES; AND (II) OWNER ACKNOWLEDGES AND AGREES THAT THE SERVICES ARE BEING PROVIDED ON AN "AS-IS, WHERE-IS" BASIS, WITH ALL FAULTS.
- 7.2 Exclusive Remedy. OWNER'S SOLE REMEDY FOR ANY DEFICIENCY WITH RESPECT TO THE SERVICES PROVIDED HEREUNDER SHALL BE TO ENFORCE ITS REMEDIES AS A THIRD PARTY BENEFICIARY OF THE SERVICES AGREEMENT WITH RESPECT TO SUCH SERVICES. IN NO EVENT SHALL TRANSOURCE BE LIABLE FOR ANY SUCH DEFICIENCY.

## **ARTICLE 8 DEFAULT AND TERMINATION**

- 8.1 Events of Default. Each of the following shall constitute an event of default (an "Event of Default") with respect to a Party (such Party, the "Defaulting Party"):
- (a) such Party files a voluntary petition for bankruptcy or is adjudged bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceeding;
  - (b) such Party fails to pay any amount due to the other Party under this Support Agreement on or before the payment date therefor and does not cure such failure within ten (10) days after its receipt of written notice of such failure; or
  - (c) such Party breaches in any material respect any of its other obligations under this Support Agreement and fails to cure such breach within: (i) thirty (30) days of receipt of written notice of such breach from the other

Party; or (ii) such longer period as may be reasonably necessary to cure such breach (not to exceed ninety (90) days) if the breach is not reasonably susceptible of cure within such thirty (30) day period and such Party diligently pursues the cure of such breach within such additional time period.

- 8.2 Termination for Cause. Upon an Event of Default described in Sections 8.1(b) or Section 8.1(c), the Non-Defaulting Party may terminate this Support Agreement by providing written notice of such termination to the Defaulting Party.
- 8.3 Automatic Termination. This Support Agreement shall automatically terminate upon: (i) an Event of Default by a Party described in Section 8.1(a); (ii) payment by GPE Transmission Holding Company, LLC or its Corporate Affiliates of the amounts described in clause (a) of Section 15.6.2 of the Operating Agreement or clause (a) of Section 15.6.3 of the Operating Agreement or (iii) the termination of the Services Agreement.
- 8.4 Termination by Mutual Agreement. The Parties may terminate this Support Agreement by mutual written agreement at any time.
- 8.5 Termination Based on Non-Affiliation. Either Party may, upon thirty (30) days written notice, terminate this Support Agreement if no Corporate Affiliate of Owner is a member of Transource.
- 8.6 Fines and Penalties. Transource may charge Owner for any monetary fine or penalty assessed against Transource by any Governmental Authority to the extent arising from the performance of the Services by Transource or the Provider, unless such fine or penalty results from the gross negligence, willful misconduct or actual fraud of Transource or the Provider, in which case Owner shall not be responsible for such fine or penalty. Owner may not charge Transource for any monetary fine or penalty assessed against Owner arising from the performance of the Services unless the monetary fine or penalty is caused by the gross negligence, willful misconduct or fraud of Transource or the Provider, in which case, as between the Parties, Transource shall be responsible for such fine or penalty.
- 8.7 Limitations on Liability.

8.7.1 A Defaulting Party shall not be liable for damages as a result of an Event of Default unless such Event of Default is due to its gross negligence or willful misconduct.

8.7.2 EXCEPT FOR CLAIMS BASED ON ACTUAL FRAUD, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING DAMAGES FOR LOSS OF USE OF EQUIPMENT, LOST BUSINESS OPPORTUNITIES OR PROFITS OR DAMAGE TO REPUTATION), EVEN IF THE DEFAULTING PARTY WAS AWARE OF THE POSSIBILITY OF SUCH DAMAGES, AND REGARDLESS OF THE THEORY OF LIABILITY UNDER WHICH SUCH DAMAGES ARE SOUGHT; PROVIDED, THAT THE FOREGOING



EXCLUSION SHALL NOT BE CONSTRUED TO LIMIT RECOVERY UNDER ANY INDEMNITY PURSUANT TO ARTICLE 10 FOR THIRD PARTY CLAIMS.

8.7.3 Transource's aggregate liability under or related to this Support Agreement (other than any liability based on actual fraud or any indemnification liability) shall not exceed the total amount paid to Transource pursuant to this Support Agreement for the category of Services to which the applicable breach relates (as such categories are set forth in the Services Agreement).

8.8 Exclusive Remedies. Except for the remedies otherwise expressly provided herein or as otherwise agreed in writing between the Parties and except for recoveries for actual fraud, the remedies set forth in this Article 8 are the exclusive legal and equitable remedy for any claim or controversy arising under or in connection with this Support Agreement or the Services, whether sounding in contract, negligence, intentional misconduct, other tort, breach of warranty, deceptive trade practice, other statutory cause of action, strict liability, product liability or other theory of liability.

8.9 Obligations Upon Termination.

8.9.1 Upon termination of this Support Agreement for any reason, Transource shall and shall cause the Provider to: (i) promptly discontinue performance of the Services; and (ii) upon request by Owner, deliver to Owner all documents (including design documents in process) in the Provider's possession related to the Services.

8.9.2 Upon termination of this Support Agreement for any reason, each Party shall pay any amounts due as of the date of such termination in accordance with the terms of this Support Agreement.

8.9.3 Except as provided herein, no action taken by Owner, Transource or the Provider after the termination of this Support Agreement shall prejudice any other rights or remedies of such Person provided by Applicable Law, this Support Agreement or otherwise upon such termination.

## **ARTICLE 9 INSURANCE**

9.1 Required Coverage. Owner shall procure and maintain insurance of the types, in the amounts and with the deductibles/retentions and waivers specified on Schedule 9 (the "Insurance Plan"). If Owner fails to carry the insurance required to be provided by it pursuant to the Insurance Plan, then Transource, on not less than ten (10) days' prior written notice, may procure such insurance and shall be entitled to reimbursement therefor from Owner on written demand. Owner may self-insure all or any portion of the coverage required pursuant to the Insurance Plan during any period in which Owner: (a) maintains a net worth of no less than \$100,000,000; or (b) is covered by a program of self-insurance maintained by a Corporate Affiliate of Owner and either: (i) such Corporate Affiliate maintains a net worth of no less than \$100,000,000; or (ii) the obligations and liabilities of such Corporate Affiliate are guaranteed or supported by a Corporate Affiliate having a net worth of no less than \$100,000,000. Any such self-

insurance shall not be deemed to transfer or alter the allocation of risks set forth in this Support Agreement.

## ARTICLE 10 INDEMNIFICATION

10.1 Indemnification of Third Party Claims. Owner shall indemnify, defend and hold harmless Transource, its members, their Corporate Affiliates and each of their respective officers, directors, members, shareholders, employees, agents and representatives (each a “Transource Indemnified Person”) from and against any third-party claim, demand, action, suit, damage, liability, loss, cost or expense (including reasonable attorneys’ fees and out-of-pocket disbursements), judgment, fine, settlement or other amount (a “Claim”) incurred by any Transource Indemnified Person to the extent arising out of this Support Agreement or the activities of the Parties hereunder and resulting from or attributable to any act, omission, event or circumstance other than the gross negligence or willful misconduct of any Transource Indemnified Person.

10.2 Indemnification Procedures.

10.2.1 If Owner is obligated hereunder to indemnify, defend and hold harmless a Transource Indemnified Person hereunder, such Transource Indemnified Person shall give notice as promptly as is reasonably practicable to Owner of the Claim giving rise to such indemnification obligation; provided, that a delay by a Transource Indemnified Person in delivering such notice shall not relieve Owner of its obligations hereunder except to the extent (if any) that Owner shall have been materially prejudiced thereby. Provided that it first unconditionally acknowledges in writing its indemnification obligations hereunder, Owner shall have the right to control the defense and settlement of such Claim with counsel reasonably acceptable to it; provided, that the Transource Indemnified Person may retain counsel at its expense to assist in the defense and settlement of such Claim. Without the prior written consent of the Transource Indemnified Person, which consent shall not be unreasonably withheld, delayed or conditioned, Owner shall not enter into any settlement of any Claim which would lead to liability or create any financial or other obligation on the part of the Transource Indemnified Person. If a firm offer is made to settle a Claim without leading to liability or the creation of a financial or other obligation on the part of the Transource Indemnified Person and Owner desires to accept and agree to such offer, Owner shall give written notice to the Transource Indemnified Person to that effect. If the Transource Indemnified Person fails to consent to such offer within twenty (20) days after its receipt of such notice, Owner shall be relieved of its obligations to defend such Claim and the Transource Indemnified Person may contest or defend such Claim. In such event, the maximum liability of Owner with respect to such Claim shall be the amount of such settlement offer plus reasonable costs and expenses paid or incurred by the Transource Indemnified Person up to the date of such notice.

10.2.2 If Owner fails to assume the defense of a Claim for which a Transource Indemnified Person seeks indemnification hereunder, the Transource Indemnified Person

shall have the right to control the defense and settlement of such Claim with counsel reasonably acceptable to it, at the sole cost and expense of Owner.

- 10.3 **Subrogation.** In the event that Owner pays all or any portion of a Claim, Owner shall be subrogated to any and all defenses, claims or other matters which the Transource Indemnified Person asserted or could have asserted against the Person making such Claim, and all related cross-claims that the Transource Indemnified Person asserted or could have asserted against other Persons. The Transource Indemnified Person shall execute and deliver to Owner (at Owner's expense) such documents as may be reasonably necessary to establish, by way of subrogation, the ability of Owner to assert such defenses, claims, cross-claims or other matters.
- 10.4 **Survival.** This Article 10 shall survive the termination of this Support Agreement.

## ARTICLE 11 EXCUSED PERFORMANCE

- 11.1 **Force Majeure.** Neither Party nor the Provider shall be responsible for any delay or failure to perform hereunder (other than any obligation to pay money) if such delay or failure to perform is attributable to an event of Force Majeure; provided, that:
- (a) the excused Person oversees such interruption in accordance with Good Industry Practice to the extent practicable;
  - (b) the excused Person, within ten (10) days after the occurrence of the Force Majeure event, gives the other Party(ies) written notice describing the particulars of the occurrence;
  - (c) the suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure event;
  - (d) the excused Person uses its reasonable efforts to remedy its inability to perform (provided that no Person shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Person involved in the dispute, are contrary to its interest, it being understood that the settlement of strikes, walkouts, lockouts or other labor disputes shall be at the sole discretion of the Person involved); and
  - (e) when the excused Person is able to resume performance of its obligations under this Support Agreement, that Person shall give the other Party(ies) and, if applicable, the Provider written notice to that effect.
- 11.2 **Change in Law.** In the event a Party is unable to perform any obligation hereunder due to any change in any Applicable Law, the Parties shall attempt in good faith to amend this Support Agreement as necessary to permit such Party to comply with the change in Applicable Law while preserving the purpose and value of this Support Agreement (including tax and accounting treatment of the Parties) for both Parties. If the Parties are

unable to reach agreement on such an amendment, the Party affected by the change in Applicable Law shall be excused from the performance of that obligation to the extent so affected.

- 11.3 Emergencies. Notwithstanding any other provision of this Support Agreement, if Transource believes in good faith that a condition or circumstance that threatens imminent harm to persons, property or the environment exists or has occurred or that the performance of any of the Services would (in the reasonable judgment of Transource) create an unreasonable safety risk to persons, property or the environment, or would violate the safety policies or procedures of Transource or the Provider (each of the foregoing, an “Emergency”), Transource and/or the Provider may discontinue performance until such time as the Services can be performed safely and in conformity with such policies and procedures. Additionally, if prompt action within the scope of any Services is required to avoid or mitigate losses from an Emergency, Transource shall take such reasonable actions, or cause such actions to be taken, in the reasonable judgment of Transource or the Provider, to the extent required to avoid or mitigate the Emergency. Transource shall promptly notify Owner, or cause Owner to be notified, of the Emergency, and the remedial and preventive actions taken and the costs incurred or reasonably expected to be incurred. Unless the Emergency is the direct result of gross negligence or willful misconduct of the officers, directors, agents or personnel of Transource or the Provider (acting within the course and scope of their employment by Transource or the Provider), the costs incurred for actions taken pursuant to this Section 11.3 and the costs incurred as the result of any necessary delay shall be paid or reimbursed by Owner in accordance with Article 6.

## ARTICLE 12 GENERAL PROVISIONS

### 12.1 Confidentiality.

12.1.1 Except as permitted by Section 12.1.2, each Recipient shall keep, and shall cause its Corporate Affiliates to keep, confidential all Confidential Information and shall not disclose any Confidential Information to any Person.

12.1.2 Subject to the other provisions of this Section 12.1, the following disclosures and uses of Confidential Information are permitted:

- (a) disclosures to a Recipient’s Corporate Affiliates and their respective managers, directors, officers, employees or agents to the extent such Persons have a “need to know” such Confidential Information; provided, that each such Person to whom such Confidential Information is disclosed shall be required to treat such Confidential Information confidentially as required herein;
- (b) disclosures to a Recipient’s counsel, accountants, advisors or ratings agencies who have a “need to know” such Confidential Information; provided, that each Person to whom such Confidential Information is

disclosed has been informed of the confidential nature of the information disclosed to such Person and has agreed to keep confidential such Confidential Information;

- (c) disclosures to a member of Transource in connection with the business of Transource;
- (d) disclosures that may be required from time to time to obtain required third party approvals;
- (e) disclosures that are reasonably necessary in connection with obtaining financing; provided, that each Person to whom such Confidential Information is disclosed has been informed of the confidential nature of the information disclosed to such Person and has agreed to keep confidential such Confidential Information;
- (f) disclosures to a potential new member of Transource or purchaser of a membership interest in Transource if such Person agrees in writing to abide by the terms of this Section 12.1;
- (g) disclosures to a contractor or consultant or a direct or indirect subsidiary thereof if such Person agrees in writing to abide by the terms of this Section 12.1;
- (h) disclosures by a Recipient to Governmental Authorities to the extent reasonably necessary in connection with the exercise of any remedy hereunder; provided, that prior to any such disclosure, such Recipient shall obtain a protective order or other reasonable assurance that confidential treatment will be afforded the Confidential Information;
- (i) disclosures required by Governmental Authorities, including disclosures required pursuant to: (i) the Securities Act; (ii) the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder; (iii) any state securities laws; or (iv) any national securities exchange or automated quotation system; and
- (j) disclosures that a Recipient is legally compelled to make by deposition, interrogatory, request for documents, subpoena, civil investigative demand, order of a court of competent jurisdiction or similar process or otherwise by Applicable Law; provided, that such Recipient shall disclose only that portion of Confidential Information that, in its reasonable opinion, is legally required to be disclosed; and provided further, that prior to any such disclosure, such Recipient shall, to the extent legally permissible: (i) provide the Disclosing Party with notice of such requirements so that the Disclosing Party may seek a protective order or other appropriate remedy; (ii) consult with the Disclosing Party on the advisability of taking steps to resist or narrow any compelled disclosures; and (iii) reasonably cooperate with the Disclosing Party if it attempts to

obtain a protective order or other appropriate remedy or assurance that confidential treatment will be afforded the Confidential Information.

12.1.3 Each Recipient shall take reasonable measures to require that all Persons to whom the Recipient discloses Confidential Information, including their respective directors, officers, employees, agents and contractors, comply with the requirements of this Section 12.1.

12.1.4 The Parties agree that no adequate remedy at law exists for a breach or threatened breach of any of the provisions of this Section 12.1, the continuation of which, if not remedied, would cause a Disclosing Party to suffer irreparable harm. Accordingly, the Parties agree that a Disclosing Party shall be entitled, in addition to other remedies that may be available, to immediate injunctive relief from any breach of any of the provisions of this Section 12.1 and to specific performance of their rights hereunder, as well as to any other remedies available at law or in equity. Each Party hereby waives: (i) any defenses in any action for injunctive relief that such other Party is required to mitigate damages or otherwise has an adequate remedy at law; and (ii) any requirement under Applicable Law to post a bond or other security as a prerequisite to obtaining such injunctive relief.

12.1.5 The provisions of this Section 12.1 will survive a termination of this Agreement.

- 12.2 Interest on Overdue Amounts. Any amount due to a Party under this Support Agreement shall accrue interest daily from the deadline for payment thereof until paid at the Default Rate.
- 12.3 Assignment. Neither Party may assign this Support Agreement or any of its rights hereunder or delegate any of its duties hereunder to any Person without the prior written consent of the other Party.
- 12.4 Setoff. A Party may offset any amounts it owes to the other Party pursuant to this Support Agreement by any amount such other Party owes to it pursuant to this Support Agreement.
- 12.5 Applicable Law. This Support Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Delaware, without regard to its conflict of laws principles.
- 12.6 Binding Agreement; No Third Party Beneficiaries. This Support Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns. Nothing in this Support Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations or liabilities under or by reason of this Support Agreement, except as expressly provided herein.
- 12.7 Notices.

12.7.1 All notices, demands, requests or communications which are required or authorized by this Support Agreement are to be in writing and delivered via personal delivery, mailed by registered or certified mail (return receipt requested) postage prepaid, sent prepaid by overnight air courier or facsimile to the addresses designated for each Party and the Provider on Schedule 12.7, as such Schedule may be modified from time to time.

12.7.2 All such notices, demands, requests or communications shall be deemed to have been given and duly received: (i) on the third (3rd) Business Day after posting if mailed as provided; (ii) when delivered personally (including delivery by private courier services) unless such day is not a Business Day, in which case such delivery will be deemed to be made as of the next succeeding Business Day; or (iii) if sent by facsimile, when receipt is evidenced by written confirmation generated by the recipient's facsimile machine showing successful transmission.

12.7.3 Either Party or the Provider may from time to time specify a different address by notice to the other Party and, if applicable, the Provider.

- 12.8 Terminology. All personal pronouns used in this Support Agreement, whether masculine, feminine or neuter, shall include all other genders, and the singular shall include the plural and vice versa whenever the context requires.
- 12.9 Entire Agreement. This Support Agreement, including the Schedules and Annex hereto, contains the entire agreement between the Parties with respect to the matters it purports to cover. This Support Agreement supersedes any prior understanding or oral or written agreement between the Parties respecting the subject matter of this Support Agreement.
- 12.10 Severability. If any one or more of the provisions contained in this Support Agreement, or the application thereof to any Party or to circumstances that may arise hereunder, shall for any reason be held to be invalid, illegal or unenforceable in any respect, the remainder of this Support Agreement and the application of such provision(s) to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by Applicable Law.
- 12.11 Other Instruments. The Parties covenant and agree that they will execute such other and further instruments and documents as are or may become reasonably necessary or convenient to effectuate and carry out the purposes of this Support Agreement.
- 12.12 Amendments. This Support Agreement may only be amended or modified by a written instrument signed by all Parties.
- 12.13 Waivers. No waiver of this Support Agreement, or any part hereof, shall be binding unless made in writing and signed by the Party to be charged with such waiver. No waiver of any breach or condition of this Support Agreement shall be deemed to be a waiver of any subsequent breach or other condition whether of like or different nature.
- 12.14 Counterparts. This Support Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the

same instrument. An executed counterpart may be delivered by facsimile or electronic mail and, when so delivered, shall be legally enforceable in accordance with its terms.

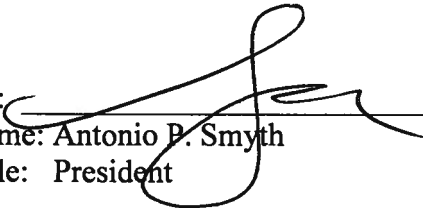
- 12.15 Costs. Each Party shall be responsible for its own costs incurred in connection with the negotiation of this Support Agreement.
- 12.16 Waiver of Right to Jury Trial. TO THE FULLEST EXTENT PERMITTED BY LAW, AND AS SEPARATELY BARGAINED-FOR CONSIDERATION, EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATING TO THE SERVICES OR THIS SUPPORT AGREEMENT.
- 12.17 Survival. Any provision specifically designated in this Support Agreement to survive the termination hereof and (unless otherwise expressly provided) any other provision which, by its nature, necessarily may become performable by a Party after termination of this Support Agreement shall survive the expiration of earlier termination of this Support Agreement.
- 12.18 Dispute Resolution. In the event of any failure of Owner and Transource to reach agreement on any material matter hereunder, a senior executive officer of Owner and a senior executive officer of a member of Transource that is not a Corporate Affiliate of Owner shall meet to attempt to resolve any such dispute in good faith. If agreement cannot be reached between such officers within fifteen (15) days (or such longer period as may be agreed between such officers), the Parties shall be free to pursue any other remedy available at law or in equity.

*The next page is the signature page*

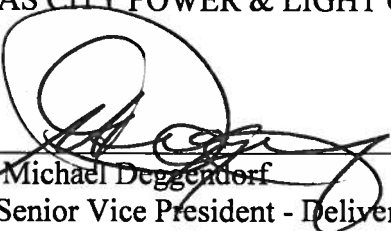


IN WITNESS WHEREOF, the Parties have executed this Support Agreement as of the Effective Date.

TRANSOURCE ENERGY, LLC

By:   
Name: Antonio P. Smyth  
Title: President

KANSAS CITY POWER & LIGHT COMPANY

By:   
Name: Michael Deggendorf  
Title: Senior Vice President - Delivery

## SCHEDULE 1.1 DEFINITIONS

“Applicable Law” means: (i) any statute, law, ordinance, executive order, rule or regulation; (ii) any guideline or notice having force of law, including any applicable requirements of NERC or a regional transmission organization or similar planning authority; or (iii) any approval, permit, code, standard of conduct, regulatory code of conduct, license, franchise, judgment, order, decree, injunction, or writ of any Governmental Authority applicable to a specified Person or specified property, in each case as in effect from time to time.

“Approved Budget” has the meaning set forth in Section 2.6.1.

“Business Day” means any working day in the United States other than a Saturday, Sunday or a day on which banks located in New York, New York are authorized or required by Applicable Law to close.

“Claim” has the meaning set forth in Section 10.1.

“Confidential Information” means trade secret or confidential information that is provided by a Disclosing Party to a Recipient pursuant to this Support Agreement or any other agreement, including any of the following kinds of information if confidential: business information, operational information, customer information, technology information, risk management information, personnel, benefits and human resource information, information systems information, intellectual property information, legal information, supplier or vendor information and plans, information concerning sources or terms of financing or credit, supply chain information and processes, tax information, financial information, market analysis information, technical information, process information, product information, service information, pricing information, formulae, formulations, technical and product specifications, equipment descriptions, plans, layouts, drawings and computer programs, assembly, quality control, installation and operating procedures, operating and/or maintenance manuals, instructions and other user documentation, technical and marketing information, designs and data; provided, that Confidential Information shall include the terms and conditions of this Support Agreement; and provided further, that Confidential Information shall not include, and all obligations regarding Confidential Information shall not apply to, information that the Recipient can prove:

- (a) was already known by (as established by dated documentation) the Recipient at the time of receipt of the information by the Recipient from the Disclosing Party;
- (b) is or becomes available to the industry without confidentiality restrictions (e.g., in technical literature, databases or the like that are available with or without subscription) or is in, or subsequently enters, the public domain other than as a result of a disclosure by the Recipient in breach of this Support Agreement;
- (c) was received by the Recipient from a third party if such third party was not, or the Recipient reasonably believed such third party was not, subject to any confidentiality obligation to the Disclosing Party or disclosing

information that the third party knew at the time of such disclosure was obtained from the Disclosing Party by improper means;

- (d) was independently developed by a Person without access to information provided by the Disclosing Party;
- (e) was or is furnished by the Disclosing Party to a third party without confidentiality restrictions; or
- (f) is approved for release by written authorization of the Disclosing Party.

“Contract” means any legally binding contract, agreement, arrangement, bond, instrument, note, mortgage, license or other instrument of any kind.

“Corporate Affiliate” of a specified Person means any other Person (other than a natural person) that directly or indirectly controls, is controlled by or is under common control with the Person specified. For purposes of this definition, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by Contract or otherwise); provided, that in any event any Person that owns directly or indirectly securities having at least fifty percent (50%) of the voting power for the election of directors or other members of the governing body of a corporation or at least fifty percent (50%) of the partnership or other ownership interests (that carry voting power) of any other Person will be deemed to control such corporation or other Person.

“Default Rate” means the prime rate in effect from time to time as published by The Wall Street Journal (and generally defined therein as the base rate on corporate loans posted by at least seventy-five percent (75%) of the nation’s thirty (30) largest banks) plus five percent (5%) or, if less, the maximum annual interest rate permitted by Applicable Law.

“Defaulting Party” has the meaning set forth in Section 8.1.

“Disclosing Party” means Owner, Transource, the Provider, any subsidiary of Transource or any Corporate Affiliate of Owner or the Provider that discloses Confidential Information to a Recipient.

“Effective Date” has the meaning set forth in the preamble hereto.

“Emergency” has the meaning set forth in Section 11.3.

“Event of Default” has the meaning set forth in Section 8.1.

“Force Majeure” means any circumstance or cause reasonably beyond a Party’s control, which could not reasonably be prevented, avoided or removed with the exercise of reasonable diligence of the affected Party, and which causes such Party (or in the case of performance by Transource, the Provider) to be delayed in the performance of, or unable to perform, its obligations under this Support Agreement. Such causes may include, to the extent they meet the foregoing criteria: condemnation, expropriation, invasion, plague, drought, landslide, hurricane, flood, lightning,

tornado, storm, earthquake, fire, explosion, epidemic, quarantine, war (declared or undeclared), terrorism or other armed conflict, material physical damage to Owner's property caused by third parties, inability to gain access to real property as necessary to perform Services (except to the extent that the failure to gain access is the result of the acts or omissions of the affected Party or its Corporate Affiliates), riot or similar civil disturbance or commotion, other act of God, act of the public enemy, blockade, insurrection, sabotage or vandalism, embargo, change in Applicable Law as described in Section 10.2, an act of any Governmental Authority, regional transmission organization or similar planning authority and labor strikes, work stoppages or other labor unrest.

"Good Industry Practice" means the practices, methods and acts engaged in or approved by a significant portion of electric transmission project developers and owners in the United States during the relevant time period, or any of the practices, methods and acts that, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, would have been expected by a significant portion of such Persons to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition; provided, that Good Industry Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is intended to include generally accepted practices, methods or acts.

"Governmental Authority" means: (i) any federal, state, foreign, tribal, local or municipal governmental body; and (ii) any governmental, regulatory or administrative agency, commission, body, instrumentality or other authority exercising or entitled to exercise executive, judicial, legislative, administrative, regulatory or taxing authority or power, including any court or other tribunal.

"Iatan Project" means the electric transmission project described on Schedule 13.3 of the Operating Agreement, including all assets (including real and personal property), rights, approvals, consents, authorizations and Contracts associated with the development of such project.

"Insurance Plan" has the meaning set forth in Section 9.1.

"NERC" means the North American Electric Reliability Corporation.

"Non-Defaulting Party" means, with respect to an Event of Default, the Party that is not the Defaulting Party.

"Operating Agreement" has the meaning set forth in the recitals hereto.

"Owner" has the meaning set forth in the preamble hereto.

"Party" and "Parties" have the meanings set forth in the preamble hereto.

"Person" means an individual, trust, estate, corporation, partnership, joint venture, limited liability company, business trust, unincorporated association or Governmental Authority.

"Provider" has the meaning set forth in the recitals hereto.

“Recipient” means Owner, Transource, the Provider, any subsidiary of Transource or any Corporate Affiliate of Owner or the Provider or any of their respect managers, directors, officers, employees or agents, in each case, that receive Confidential Information.

“Services” means any of the services specified in the Services Agreement that the Provider agrees to perform for the benefit of Owner pursuant to Section 2.1.1 of this Support Agreement.

“Services Agreement” has the meaning set forth in the recitals hereto.

“Support Agreement” has the meaning set forth in the preamble hereto.

“Term” has the meaning set forth in Section 4.1.

“Transource” has the meaning set forth in the preamble hereto.

“Transource Indemnified Person” has the meaning set forth in Section 10.1.

**SCHEDULE 9  
INSURANCE PLAN**

**I. OWNER INSURANCE**

Workers' Compensation/Employers' Liability Insurance.

Owner shall maintain Workers' Compensation Insurance or qualified self-insurance to the extent required by Applicable Law.

Owner shall maintain Employers Liability Insurance in an amount not less than \$500,000 each accident, \$500,000 disease policy limit and \$500,000 disease each employee.

Automobile Liability Insurance.

To the extent Owner has exposure that would require the maintenance of such coverage, Owner shall maintain Automobile Liability Insurance in respect of all mechanically propelled vehicles used in any circumstances such as to be liable for compulsory motor insurance in accordance with Applicable Law, and shall provide coverage for all owned, non-owned and hired vehicles.

Commercial General Liability Insurance.

Owner shall maintain Commercial General Liability Insurance (or equivalent) for its legal liability arising out of its operations. Such insurance shall include coverage for bodily injury, property damage or personal injury. Such insurance shall include, subject to policy terms and conditions, contractual liability encompassing the indemnity provisions of the Support Agreement, products/completed operations and independent contractors coverage.

Excess or Umbrella Liability Insurance.

Owner shall maintain Excess or Umbrella Liability Insurance with coverage with a limit no less than \$25,000,000 in combination with the insurance coverages described above. The required limit may be in any combination of primary and excess or umbrella coverage, so long as the total amount of insurance is no less than \$25,000,000.

Aircraft Liability Insurance.

If aircraft are used in connection with Owner's operations, Owner shall maintain Aircraft Liability Insurance in respect of any aircraft owned, non-owned, hired or chartered for use, if any. The limit of liability for such Aircraft Liability Insurance shall be no less than \$10,000,000 per occurrence. Owner shall provide that the Excess or Umbrella Liability Insurance shall be excess of such Aircraft Liability Insurance in the event such insurance is required.

### Property Insurance.

Owner shall be responsible for providing operational property insurance with respect to Owner's facilities and other real property as determined by Owner, and in no event shall Transource be required to provide operational property insurance with respect to Owner's facilities or other real property. Owner shall cause each of its Property insurers to waive all rights of recovery or subrogation against Transource for damage to Owner's property.

## II. GENERAL

### Evidence of Insurance.

Evidence of insurance required pursuant to this Schedule 9 in the form of certificates of insurance shall be furnished by Owner upon request of Transource; and for those insurance coverages whereby Transource is required to be included as an additional insured, Owner shall at any time requested by Transource, deliver to Transource copies of the applicable terms and conditions of any of the insurance policies so requested if a loss should arise that may give rise to a potential claim against Transource.

### Insurance Coverages.

Neither Party makes any representation to the other Party that the insurance coverages specified herein, whether in scope or amounts, are adequate. Owner shall be solely responsible for any deficiencies thereof. Nothing in this Schedule 9 shall be deemed to limit Owner's liability under the Support Agreement.

### Subcontractor's Insurance; Scope of Coverage.

Owner shall require appropriate liability insurance (automobile liability, commercial general liability and excess or umbrella liability) and workers' compensation/employers' liability insurance of subcontractors (but not including any subcontractor that is a Corporate Affiliate) who perform services at the Iatan Project as shall be reasonable and in accordance with Good Industry Practice in relation to the work or other items being provided by each such subcontractor. Upon Transource's reasonable request, Owner shall require its subcontractors (but not including any subcontractor that is a Corporate Affiliate) performing work at the Iatan Project site to provide evidence of the insurance maintained by such subcontractor.

### Other.

With respect to Workers' Compensation/Employer's Liability Insurance and Auto Liability Insurance, Owner shall cause the applicable insurer, where permitted by Applicable Law, to waive for the benefit of Transource all rights of recovery and subrogation against Transource, its Corporate Affiliates and their respective directors, officers, agents and employees.

With respect to Commercial General Liability Insurance and Excess or Umbrella Liability Insurance, Owner shall cause the applicable insurer to waive any right of recovery which it may

have or acquire against Transource, its Corporate Affiliates and their respective directors, officers, agents and employees. Owner's Commercial General Liability policy shall provide for a severability of interest clause and a cross liability clause.

Notwithstanding anything to the contrary contained in this Schedule 9 or otherwise in the Support Agreement, it is intended for Owner's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance to be primary and non-contributory to any of Transource's insurance coverage for liability for bodily injury, property damage or personal injury arising out of the assets or operations of Owner. Transource and Transource's officers, directors, employees and agents shall be included as insureds or additional insureds, as appropriate, on Owner's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance policies for its/their liability arising out of the operations or assets of Owner. This paragraph shall not apply to liability arising out of Transource's owned, non-owned or hired vehicles (automobile liability insurance).

In the event any insurance described herein (including the limits or deductibles thereof) is not available on commercially reasonable terms in the commercial insurance market, Owner shall not be required to obtain or maintain such coverage, but shall maintain any such insurance up to the level, if any, at which such insurance can be obtained and maintained on commercially reasonable terms in the commercial insurance market.

All insurance required to be maintained shall be placed with financially sound and reputable insurers having an A. M. Best rating of A-VII (or equivalent rating from another recognized rating agency) or better.

Owner shall provide or cause to be provided to Transource ten (10) days notice in the event of cancellation of any insurance required to be maintained due to non-payment of premium and thirty (30) days notice in the event of cancellation for any other reason.



**SCHEDULE 12.7  
ADDRESSES FOR NOTICES**

If to Transource: Transource Energy, LLC  
1 Riverside Plaza  
Columbus, Ohio 43215  
Attn: President  
Fax: (614) 552-1628  
Email: apsmyth@aep.com

with a copy to: American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, Ohio 43215  
Attn: Office of the General Counsel  
Fax: (614) 716-2014  
Email: rgryan@aep.com

If to Owner: Kansas City Power & Light Company  
1200 Main Street  
Kansas City, MO 14105  
Attn: Senior Vice President – Delivery  
Fax: (816) 556-2924  
Email: Michael.Deggendorf@kcpl.com

with a copy to: Great Plains Energy Incorporated  
1200 Main Street  
Kansas City, MO 04105  
Attn: Assistant Secretary and Corporate Counsel –  
Securities and Finance  
Fax: (816) 654-1970  
Email: Leah.Huddleston@kcpl.com

If to the Provider: American Electric Power Service Corporation  
700 Morrison Road  
Gahanna, Ohio 43230  
Attn: Manager, Transmission Business Services  
Fax: (614) 552-2602  
Email: amvogel@aep.com

with a copy to: American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, Ohio 43215  
Attn: Office of the General Counsel  
Fax: (614) 716-2014  
Email: rgryan@aep.com

**ANNEX 1**  
**SERVICES AGREEMENT**

**SERVICES AGREEMENT**

**BY AND BETWEEN**

**TRANSOURCE ENERGY, LLC**

**AND**

**AMERICAN ELECTRIC POWER SERVICE CORPORATION**

**April 3, 2012**

## TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS; RULES OF CONSTRUCTION .....	1
1.1 <u>Definitions</u> .....	1
1.2 <u>Rules of Construction</u> .....	1
ARTICLE 2 SERVICES.....	2
2.1 <u>Services Upon Company Request</u> .....	2
2.2 <u>Standards for Provider Performance</u> .....	2
2.3 <u>Control of Work</u> .....	3
2.4 <u>Instructions to the Provider</u> .....	3
2.5 <u>Personnel; Subcontractors</u> .....	3
2.6 <u>Budgets</u> .....	4
2.7 <u>Status Reports; Documentation</u> .....	4
2.8 <u>Authority</u> .....	5
2.9 <u>Services for Subsidiaries and SPP Project Companies</u> .....	5
ARTICLE 3 COMPANY OBLIGATIONS.....	5
3.1 <u>Standards for Company Performance</u> .....	5
3.2 <u>Cooperation</u> .....	6
3.3 <u>Access</u> .....	6
3.4 <u>Authorizations</u> .....	6
ARTICLE 4 INTELLECTUAL PROPERTY .....	6
4.1 <u>Ownership of Work Product</u> .....	6
4.2 <u>Intellectual Property Rights</u> .....	6
4.3 <u>Intellectual Property Indemnification</u> .....	7
4.4 <u>Survival</u> .....	8
ARTICLE 5 TERM .....	8
5.1 <u>Term</u> .....	8
ARTICLE 6 COMPENSATION .....	8
6.1 <u>Charges for Services</u> .....	8
6.2 <u>Invoicing</u> .....	8
6.3 <u>Sales and Use Taxes</u> .....	8
6.4 <u>Payment</u> .....	8
6.5 <u>Right to Review Information</u> .....	9
ARTICLE 7 WARRANTIES .....	9
7.1 <u>Scope of Warranties</u> .....	9
7.2 <u>Exclusive Warranties and Remedy</u> .....	9
ARTICLE 8 DEFAULT AND TERMINATION.....	10
8.1 <u>Events of Default</u> .....	10
8.2 <u>Termination for Cause</u> .....	10
8.3 <u>Termination by Mutual Agreement</u> .....	10
8.4 <u>Termination if Provider is not a Corporate Affiliate</u> .....	10
8.5 <u>Fines and Penalties</u> .....	11
8.6 <u>Limitations on Liability</u> .....	11
8.7 <u>Exclusive Remedies</u> .....	11
8.8 <u>Obligations Upon Termination</u> .....	11

ARTICLE 9 INSURANCE PLAN .....	12
ARTICLE 10 INDEMNIFICATION .....	13
10.1 <u>Indemnification of Third Party Claims</u> .....	13
10.2 <u>Indemnification Procedures</u> .....	13
10.3 <u>Subrogation</u> .....	14
10.4 <u>Survival</u> .....	14
ARTICLE 11 EXCUSED PERFORMANCE .....	14
11.1 <u>Force Majeure</u> .....	14
11.2 <u>Change in Law</u> .....	15
11.3 <u>Emergencies</u> .....	15
ARTICLE 12 GENERAL PROVISIONS .....	15
12.1 <u>Confidentiality Agreement</u> .....	15
12.2 <u>Interest on Overdue Amounts</u> .....	15
12.3 <u>Assignment</u> .....	15
12.4 <u>Setoff</u> .....	16
12.5 <u>Applicable Law</u> .....	16
12.6 <u>Binding Agreement; No Third Party Beneficiaries</u> .....	16
12.7 <u>Notices</u> .....	16
12.8 <u>Terminology</u> .....	16
12.9 <u>Entire Agreement</u> .....	16
12.10 <u>Severability</u> .....	17
12.11 <u>Other Instruments</u> .....	17
12.12 <u>Amendments</u> .....	17
12.13 <u>Waivers</u> .....	17
12.14 <u>Counterparts</u> .....	17
12.15 <u>Costs</u> .....	17
12.16 <u>WAIVER OF RIGHT TO JURY TRIAL</u> .....	17
12.17 <u>Survival</u> .....	17
12.18 <u>Dispute Resolution</u> .....	17

**SCHEDULES**

Schedule 1.1	Definitions
Schedule 2.1	Services
Schedule 9	Insurance Plan
Schedule 12.7	Addresses for Notices

## SERVICES AGREEMENT

This Services Agreement (the “Services Agreement”), dated as of April 3, 2012 (the “Effective Date”), is entered into by and between TRANSOURCE ENERGY, LLC, a limited liability company organized under the laws of the State of Delaware (the “Company”), and AMERICAN ELECTRIC POWER SERVICE CORPORATION, a corporation organized under the laws of the State of New York (the “Provider”). Each of the Company and the Provider are sometimes referred to herein, individually, as a “Party” and, collectively, as the “Parties.”

### RECITALS

WHEREAS, AEP Transmission Holding Company, LLC and GPE Transmission Holding Company, LLC have established the Company to pursue, develop, construct, own and operate certain electric transmission projects pursuant to the Operating Agreement of the Company dated April 3, 2012 (as such agreement may be amended, supplemented or otherwise modified from time to time, the “Operating Agreement”); and

WHEREAS, the Company intends to pursue such activities through various subsidiary utility companies (each, a “Subsidiary” and, collectively, the “Subsidiaries”) and the Company is willing to provide certain support services to such Subsidiaries in connection with such activities; and

WHEREAS, the Company is also willing to provide certain support services to Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company (each, an “SPP Project Company” and, collectively, the “SPP Project Companies”) in connection with their respective development efforts in connection with two (2) electric transmission projects that are expected to be transferred to the Company or a Subsidiary; and

WHEREAS, the Company desires that the Provider provide certain services to support the Company and the activities of the Subsidiaries and the SPP Project Companies; and

WHEREAS, the Provider is willing to provide such services to the Company, the Subsidiaries and the SPP Project Companies.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### ARTICLE 1 DEFINITIONS; RULES OF CONSTRUCTION

- 1.1 Definitions. As used in this Services Agreement, terms defined in Schedule 1.1 have the meanings set forth therein.
- 1.2 Rules of Construction. The following provisions shall be applied wherever appropriate herein:
  - (a) “herein,” “hereby,” “hereunder,” “hereof,” “hereto” and other equivalent words shall refer to this Services Agreement in its entirety and not solely

to the particular portion of this Services Agreement in which any such word is used;

- (b) “include,” “includes” and “including” are terms of illustration and not of limitation and shall be deemed in all instances to be followed by the phrase “without limitation”;
- (c) all definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural;
- (d) neither this Services Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsman hereof or thereof;
- (e) the Section headings appearing in this Services Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or extent of such Section, or in any way affect this Services Agreement;
- (f) any references herein to a particular Section, Article or Schedule means a Section or Article of, or a Schedule to, this Services Agreement unless another agreement or document is specified; and
- (g) the Schedules attached hereto are incorporated herein by reference and shall be considered part of this Services Agreement.

## **ARTICLE 2 SERVICES**

### **2.1 Services Upon Company Request.**

2.1.1 Upon the written direction of the Company, the Provider shall perform any or all of the services identified on Schedule 2.1.

2.1.2 The Company may, by written notice, direct that any Services be suspended, modified, terminated or resumed, at any time and from time to time; provided, that the Company shall be responsible for all charges for demobilization and remobilization activities and costs reasonably incurred by the Provider as a result of any such suspension, modification, termination or resumption.

### **2.2 Standards for Provider Performance.** The Provider shall provide the Services in a good and workmanlike manner and in conformity with Good Industry Practice and Applicable Law. The Provider shall not proceed with any act under this Services Agreement unless and until necessary regulatory approvals, if any, for such act have been obtained. With respect to any Services related to obtaining any Third Party Approvals, the Provider does not represent, warrant or guarantee that any such Third Party Approval can or will be obtained.

2.3 Control of Work. In performing the Services, the Provider shall act and shall be deemed for all purposes to be an independent contractor. The Provider shall be solely responsible for and have control over the means, methods, techniques, scheduling, sequences and procedures used in the performance of the Services.

2.4 Instructions to the Provider. The Provider may request instructions (or clarification of directives) from the Company prior to taking action with respect to any matter relating to the Services and the Provider may, to the extent reasonably necessary or appropriate, defer such action pending the receipt of such instructions or clarification. The Company shall not unreasonably withhold or delay any instruction or clarification to the Provider that is necessary or desirable to enable the Provider to timely and properly perform the Services.

2.5 Personnel; Subcontractors.

2.5.1 The Provider shall be solely responsible for the supervision, direction and control of all the Provider's personnel engaged in the performance of Services. Such personnel shall be employees or independent contractors of the Provider and not of the Company. The Provider shall be responsible for the payment of all compensation, benefits and employment taxes with respect to the services of its personnel. The Provider may remove, reassign or take any other employment-related action in regard to any of its personnel.

2.5.2 Without limiting the obligations of the Provider hereunder, the Provider may retain the services of other Persons (each, a "Subcontractor"), including Corporate Affiliates of the Provider, to perform all or any part of the Services, and may also enter into subcontracts with such Persons in order to perform all or any part of the Services; provided, that:

- (a) any such subcontract(s) reasonably expected to cost (singly or in the aggregate with all subcontracts with the same Subcontractor and its Corporate Affiliates and including any termination liability) more than \$500,000 in a calendar year shall be subject to the prior written approval of the Company; provided, that this Section 2.5.2(a) shall not restrict the Provider's right to execute subcontracts to the extent reasonably necessary to avoid or mitigate the effects of an Emergency so long as the Provider notifies the Company of any such subcontract as soon as reasonably practicable;
- (b) the Provider shall use commercially reasonable efforts to obtain from all Subcontractors terms and conditions (including representations, warranties, guarantees, insurance and indemnities) that are substantially equivalent to the terms and conditions obtained by the Provider and its Corporate Affiliates in comparable contracts with subcontractors;
- (c) the Provider shall use commercially reasonable efforts to cause its Subcontractors to cause their respective insurers to designate the Company



and the Subsidiaries as additional named insureds under the Subcontractors' insurance policies; and

- (d) the Provider shall act diligently and in good faith (taking into account the Company's interests) to enforce the Provider's rights under all such subcontracts, including any indemnities in such subcontracts, and shall keep the Company reasonably apprised of the status of any such enforcement activities.

## 2.6 Budgets.

2.6.1 Annually, by no later than September 30, the Provider shall submit to the Company a proposed budget setting forth the costs and expenses the Provider reasonably anticipates charging to the Company for Services and Administrative Charges for the next subsequent calendar year. Each such proposed budget shall be accompanied by reasonably detailed supporting materials showing assumptions and calculations incorporated therein and shall include: (i) an estimate of all costs anticipated to be incurred by the Provider during such calendar year; (ii) a schedule showing when such costs are expected to be incurred; and (iii) a three (3)-year forecast of the costs and expenses the Provider anticipates for Services and Administrative Charges. Each such proposed budget shall be subject to the approval of the Company (each proposed budget, once approved, an "Approved Budget").

2.6.2 In the event of a suspension, modification, resumption or termination of any Services that will materially impact an Approved Budget or if the Provider anticipates that its total costs and expenses for Services and Administrative Charges will exceed one hundred ten percent (110%) of the then-current Approved Budget, the Provider shall timely provide to the Company a proposed amended budget reflecting its then-current assessment of costs and expenses to be incurred for Services and Administrative Charges for the remaining term of the then-current Approved Budget. Any proposed amendment to an Approved Budget shall include the information described in Section 2.6.1 and shall be subject to the approval of the Company.

2.6.3 Notwithstanding any other provision of this Services Agreement, the Company shall pay to the Provider in accordance with Article 6 all charges for Services provided by the Provider to the Company and all Administrative Charges, including any such charges in excess of the amounts for such Services or Administrative Charges set forth in the then-current Approved Budget.

- 2.7 Status Reports; Documentation. The Provider shall provide the Company with a reasonably detailed written report on the status of the Services and the charges for Services and Administrative Charges no less frequently than once every two (2) months. Such reports shall be reasonably acceptable to the Company as to form and content and shall, subject to applicable confidentiality restrictions, be accompanied by reasonable back-up documentation.

2.8 Authority.

2.8.1 In addition to any Services it shall be obligated to perform, the Provider shall have authority to provide personnel (including the personnel of its Corporate Affiliates but excluding personnel of any Subcontractor) to perform or conduct administrative and/or ministerial duties or functions for or on behalf of the Company and the Subsidiaries, including providing personnel to serve as managers, directors, officers, administrators and representatives of the Company and its Subsidiaries.

2.8.2 Notwithstanding any other provision of this Services Agreement and without affecting any other limitations on the Provider's rights or duties hereunder, unless otherwise approved in writing by the Company or authorized pursuant to a written power of attorney granted by the Company to the Provider, the Provider has no authority to: (i) sell, lease, pledge, mortgage, encumber, convey, license, exchange or make any other transfer or disposition of any property of the Company, including any items or assets whose purchase is managed by the Provider; (ii) make, enter into, execute, amend, waive any rights under or modify or supplement any contract or agreement (including the Operating Agreement and this Services Agreement) on behalf of, binding upon or in the name of the Company; (iii) settle, compromise, assign, pledge, transfer, release or consent to the same of any claim, suit, debt, demand or judgment against or due by the Company, or submit any such claim, dispute or controversy to arbitration or judicial process or stipulate to a judgment, or consent to do the same; (iv) agree to any penalty payable by the Company for violation of any Applicable Law; (v) make any representation or warranty on behalf of the Company; (vi) pledge the credit of the Company; or (vii) cause the conveyance, modification, sale or other disposition of any portion of a project.

2.9 Services for Subsidiaries and SPP Project Companies. At the Company's request, the Provider shall perform Services for the benefit of Subsidiaries and/or SPP Project Companies. In such cases the Provider shall act at the direction of such Persons with respect to the applicable Service(s) unless and until otherwise instructed in writing by the Company. To the extent the Company requests the Provider to perform any Services directly to a Subsidiary or SPP Project Company, then such Person shall be deemed to be an express third party beneficiary of this Services Agreement and shall be entitled to enforce any rights, terms or conditions of this Services Agreement with respect to such Services.

**ARTICLE 3  
COMPANY OBLIGATIONS**

3.1 Standards for Company Performance. The Company shall carry out all of its activities relating to the Services in conformity with Good Industry Practice and Applicable Law. The Company shall not proceed with any act under this Services Agreement unless and until any necessary regulatory approval for such act has been obtained.

- 3.2 Cooperation. The Company shall cooperate (and cause its Subsidiaries to cooperate) with the Provider and Subcontractors so as to minimize delays, errors, inconsistencies, changes and unnecessary costs in the performance of the Services.
- 3.3 Access. The Company shall provide (and cause its Subsidiaries to provide) the Provider and Subcontractors with access to the Company's (and its Subsidiaries') sites and facilities in order for the Provider to perform the Services.
- 3.4 Authorizations. From time to time, the Company shall execute and deliver, as reasonably requested by the Provider, any authorizations reasonably necessary to facilitate the Provider's performance of the Services.

#### **ARTICLE 4 INTELLECTUAL PROPERTY**

- 4.1 Ownership of Work Product. Upon delivery, and unless otherwise limited by third party interests, the Company shall be the owner of the delivered copies of all drawings, plans, specifications, budgets, schedules, reports and other documents and materials prepared or provided by the Provider in connection with the performance of the Services ("Work Product").

- 4.2 Intellectual Property Rights.

4.2.1 The Provider hereby grants to the Company, and in connection with Services to be provided to any Subsidiary or an SPP Project Company, to any such Subsidiary and SPP Project Company, an irrevocable, perpetual, non-transferable (except in connection with an assignment permitted pursuant to Section 4.2.6), non-exclusive, world-wide, royalty-free, internal use license to copy, use and display the Provider's Proprietary Property and that of its Corporate Affiliates that is incorporated into the Work Product or otherwise provided to the Company, any such Subsidiary or any such SPP Project Company for the purpose for which such Proprietary Property was provided pursuant to this Services Agreement.

4.2.2 The Provider's Proprietary Property and that of its Corporate Affiliates is and shall remain the sole and exclusive property of the Provider and/or its Corporate Affiliates, as applicable. Other than the license granted pursuant to Section 4.2.1, the Company shall have no right, claim or interest of any type, by virtue of this Services Agreement or otherwise, in or to: (i) the Provider's Proprietary Property or that of its Corporate Affiliates; or (ii) any other Intellectual Property Rights of the Provider or its Corporate Affiliates. The Company hereby irrevocably waives and releases any right, claim or interest therein or thereto. The Company shall not reverse engineer, decompile, disassemble or otherwise attempt to reproduce the Provider's Proprietary Property or that of its Corporate Affiliates in any manner.

4.2.3 Subject to the license granted pursuant to Section 4.2.1, all Intellectual Property Rights that the Company may hereafter acquire, discover, invent, originate, make, develop or conceive, in whole or in part, through its use of the Provider's Proprietary Property or that of its Corporate Affiliates shall be the sole, exclusive and unencumbered

property of the Provider or its Corporate Affiliates, as applicable, and shall be deemed a part of the Intellectual Property of the Provider or its Corporate Affiliates, as applicable. The Company shall execute and deliver, or cause to be executed and delivered, such agreements, instruments and documents (including one or more memoranda of license suitable for recording in the U.S. Patent and Trademark Office) and shall take such other actions as may be reasonably requested by the Provider for the purpose of effectuating, evidencing, implementing and facilitating the Provider's rights and those of its Corporate Affiliates as set forth in this Section 4.2.3.

4.2.4 In the event that the Company uses any of such Proprietary Property for any purpose other than as permitted pursuant to Section 4.2.1, without limiting its other remedies, the Provider or its Corporate Affiliates shall have exclusive ownership rights in and to any proceeds, assets or intellectual property resulting from or related to such prohibited activity.

4.2.5 All of the Provider's Proprietary Property and that of its Corporate Affiliates shall be deemed to be Confidential Information subject to Section 20 of the Operating Agreement.

4.2.6 Should the Company, a Subsidiary or an SPP Project Company transfer title in a project to a third party (and upon any subsequent transfer of such project), unless otherwise agreed by the Parties, the license provided in Section 4.2.1 shall automatically transfer with such project; provided, that any such transferee, for itself and its successors and assigns, agrees in writing to be bound by the prohibitions and restrictions of this Article 4.

#### 4.3 Intellectual Property Indemnification.

4.3.1 The Provider represents and warrants that to its knowledge, without investigation, the Company's, a Subsidiary's or an SPP Project Company's exercise of its rights under the license set forth in Section 4.2.1 will not infringe any United States Intellectual Property Rights of any Person. Subject to the limitations set forth in Section 8.6 and the procedures set forth in Article 10, the Provider shall indemnify, defend and hold harmless each Company Indemnified Person from and against any and all Claims arising out of any breach of the foregoing representation and warranty.

4.3.2 If the Company promptly notifies the Provider of any claim of infringement for which the Provider's indemnification obligation pursuant to Section 4.3.1 applies, the Provider shall, at its own expense and option, exercise commercially reasonable efforts to: (i) procure for the Company the right to continue its exercise of its rights under the license set forth in Section 4.2.1; (ii) modify the Company asset so that such exercise of license rights becomes non-infringing, provided such modification shall not diminish or adversely alter in any material respect the features or functionality of any of the Company's assets or the Services; or (iii) replace the infringing asset with materials, equipment, facilities or services that are not so infringing, provided such replacement shall not diminish or adversely alter in any material respect the features or functionality of any of the Company's assets or the Services.

4.3.3 The Company shall indemnify, defend and hold harmless each Provider Indemnified Person from and against any and all Claims arising out of the Company's use of any of the Provider's Proprietary Property or that of its Corporate Affiliates in any manner other than as expressly permitted hereunder.

4.4 Survival. This Article 4 shall survive the termination of this Services Agreement.

## ARTICLE 5 TERM

5.1 Term. The term of this Services Agreement (the "Term") shall commence on the Effective Date and, unless earlier terminated in accordance with Article 8, shall remain in effect until the date a certificate of cancellation of the Company is filed with the Secretary of State of the State of Delaware.

## ARTICLE 6 COMPENSATION

6.1 Charges for Services. Charges for the Services and Administrative Charges shall be determined on the same cost basis as such charges are determined from time to time for equivalent services that the Provider provides to its utility Corporate Affiliates and shall include allocations for overhead (including employee benefits, payroll taxes and charges for the use of infrastructure) and reimbursement of all out-of-pocket costs and expenses (including employee meals, hotels and travel, third party insurance costs and legal and other consulting fees), but shall exclude any markup for profit.

6.2 Invoicing. On or before the fifteen (15<sup>th</sup>) day of each calendar month, the Provider shall submit an invoice for all Services performed and Administrative Charges incurred during the preceding calendar month. Each such invoice shall include an itemization of charges for Services based on the different categories of Service performed and a description of the basis of Administrative Charges incurred. Any monthly invoice may include billings to adjust or correct billings from prior periods. No less frequently than quarterly, the Provider shall provide reasonable supporting documentation to support previously invoiced charges, including hours charged for different job classifications and reconciliations against the Approved Budget.

6.3 Sales and Use Taxes. In addition to the amounts payable pursuant to Section 6.1, the Company shall pay the Provider any state or local sales or use tax or any other similar charge owed in connection with the Services and Administrative Charges (other than any such taxes or charges based on the earnings, income or net worth of the Provider). The Provider shall take reasonable actions to minimize the amount of such sales and use taxes payable hereunder.

6.4 Payment. Within thirty (30) days after the Provider submits an invoice to the Company in accordance with Section 6.2, the Company shall pay the Provider the amount of such invoice. If the Company in good faith disputes any portion of an invoice, the Company shall pay the amount invoiced and provide a written explanation of the basis for the dispute. If any amount is later determined or agreed not to have been owed by the

Company, such amount (together with interest at the Default Rate from the date of payment until the date of reimbursement) shall either be credited against the next invoice submitted by the Provider or refunded by the Provider to the Company within thirty (30) days after the resolution of the dispute. All disputes regarding invoiced amounts shall be resolved in accordance with Section 12.18.

- 6.5 Right to Review Information. The Provider shall maintain accurate documentation, records, books of account, time records, invoices, contracts, mileage records and other evidence reasonably pertinent to performance of the Services and the basis of the Administrative Charges in conformity with GAAP, Good Industry Practice and Applicable Law for a period of five (5) years after the date such Services were performed or such Administrative Charges were incurred (or such longer period as may be required by Applicable Law or necessary to support filings for third party approvals). Such information shall include documentation and information of the basis for all invoiced charges. Upon reasonable advance notice and at reasonable times, the Company shall have access to, and may examine, inspect, excerpt, audit, copy or transcribe any pertinent records to the extent relating to and reasonably necessary to confirm the Provider's performance under this Services Agreement. The Company's rights pursuant to this Section 6.5 shall be conducted in a manner that does not unreasonably interfere with the Provider's business operations. This Section 6.5 shall survive the termination of this Services Agreement.

## **ARTICLE 7 WARRANTIES**

- 7.1 Scope of Warranties. THE PROVIDER WARRANTS TO THE COMPANY THAT: (I) THE SERVICES PERFORMED DIRECTLY BY THE PROVIDER SHALL BE PERFORMED IN A GOOD AND WORKMANLIKE MANNER AND IN ACCORDANCE WITH GOOD INDUSTRY PRACTICE AND SHALL BE FREE FROM MATERIAL DEFECTS IN WORKMANSHIP OR MATERIALS; AND (II) THE SERVICES PERFORMED BY A SUBCONTRACTOR SHALL BE MANAGED BY THE PROVIDER IN ACCORDANCE WITH GOOD INDUSTRY PRACTICE.
- 7.2 Exclusive Warranties and Remedy. THE WARRANTIES CONTAINED IN THIS ARTICLE 7 ARE EXCLUSIVE, AND ARE GIVEN AND ACCEPTED IN LIEU OF ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. UPON ANY BREACH OF A WARRANTY IN THIS ARTICLE 7, THE PROVIDER'S SOLE LIABILITY AND RESPONSIBILITY AND THE COMPANY'S SOLE REMEDY SHALL BE THE REPERFORMANCE OF THE SERVICES IN ACCORDANCE WITH THIS SERVICES AGREEMENT; PROVIDED, THAT IF THE DEFECT WAS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PROVIDER, THE PROVIDER SHALL RE-PERFORM THE SERVICES AT ITS SOLE COST AND EXPENSE.

**ARTICLE 8**  
**DEFAULT AND TERMINATION**

8.1 Events of Default. Each of the following shall constitute an event of default (an “Event of Default”) with respect to a Party (such Party, the “Defaulting Party”):

- (a) such Party files a voluntary petition for bankruptcy or is adjudged bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceeding;
- (b) such Party fails to pay any amount due to the other Party under this Services Agreement on or before the payment date therefor and does not cure such failure within ten (10) days after its receipt of written notice of such failure; or
- (c) such Party breaches in any material respect any of its other obligations under this Services Agreement and fails to cure such breach within: (i) thirty (30) days of receipt of written notice of such breach from the other Party; or (ii) such longer period as may be reasonably necessary to cure such breach (not to exceed ninety (90) days) if the breach is not reasonably susceptible of cure within such thirty (30) day period and such Party diligently pursues the cure of such breach within such additional time period.

8.2 Termination for Cause.

8.2.1 Upon an Event of Default described in Sections 8.1(b) or 8.1(c), the Non-Defaulting Party may terminate this Services Agreement by providing written notice of such termination to the Defaulting Party; provided that no such Event of Default on the part of the Company caused by or resulting from the acts or omissions of a Corporate Affiliate of the Provider that is a member of the Company (a “Member”) shall constitute a basis for a termination of this Services Agreement.

8.2.2 This Services Agreement shall automatically terminate upon: (i) an Event of Default by a Party described in Section 8.1(a); or (ii) the termination of the Operating Agreement or the liquidation of the Company for any reason.

8.3 Termination by Mutual Agreement. The Parties may terminate this Services Agreement by mutual written agreement at any time.

8.4 Termination if Provider is not a Corporate Affiliate. Either Party may, upon thirty (30) days written notice, terminate this Services Agreement if neither the Provider nor any of its Corporate Affiliates is a Member; provided, that with respect to such a termination by the Provider, a Person with expertise and resources to provide the Services then being provided by the Provider has offered, or has entered into an agreement, to provide such Services on terms substantially similar to those contained in this Services Agreement.

8.5 Fines and Penalties. The Provider may charge the Company for any monetary fine or penalty assessed against the Provider by any Governmental Authority to the extent arising from the Provider's performance of the Services, unless such fine or penalty results from the Provider's gross negligence, willful misconduct or actual fraud, in which case the Provider shall be responsible for such fine or penalty. The Company may not charge the Provider for any monetary fine or penalty assessed against the Company arising from the Provider's performance of the Services unless the monetary fine or penalty is caused by the Provider's gross negligence, willful misconduct or fraud, in which case the Provider shall be responsible for such fine or penalty.

8.6 Limitations on Liability.

8.6.1 A Defaulting Party shall not be liable for damages as a result of an Event of Default unless such Event of Default is due to its gross negligence or willful misconduct.

8.6.2 EXCEPT FOR CLAIMS BASED ON ACTUAL FRAUD, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING DAMAGES FOR LOSS OF USE OF EQUIPMENT, LOST BUSINESS OPPORTUNITIES OR PROFITS OR DAMAGE TO REPUTATION), EVEN IF THE DEFAULTING PARTY WAS AWARE OF THE POSSIBILITY OF SUCH DAMAGES, AND REGARDLESS OF THE THEORY OF LIABILITY UNDER WHICH SUCH DAMAGES ARE SOUGHT; PROVIDED, THAT THE FOREGOING EXCLUSION SHALL NOT BE CONSTRUED TO LIMIT RECOVERY UNDER ANY INDEMNITY PURSUANT TO ARTICLE 10 FOR THIRD PARTY CLAIMS.

8.6.3 The Provider's aggregate liability under or related to this Services Agreement (other than any liability based on actual fraud or any indemnification liability) shall not exceed the total amount paid to the Provider pursuant to this Services Agreement for the category of Services to which the applicable breach relates.

8.7 Exclusive Remedies. Except for the remedies otherwise expressly provided herein or as otherwise agreed in writing between the Parties and except for recoveries for actual fraud, the remedies set forth in this Article 8 are the exclusive legal and equitable remedy for any claim or controversy arising under or in connection with this Services Agreement or the Services, whether sounding in contract, negligence, intentional misconduct, other tort, breach of warranty, deceptive trade practice, other statutory cause of action, strict liability, product liability or other theory of liability.

8.8 Obligations Upon Termination.

8.8.1 Upon termination of this Services Agreement for any reason, the Provider shall: (i) promptly discontinue performance of the Services; (ii) terminate any subcontracts executed by the Provider related to the Services unless the Provider, the Company and the Subcontractor enter into novations thereof; (iii) upon request by the Company, deliver to the Company all documents (including design documents in process) in the Provider's possession related to the Services; (iv) reasonably cooperate with the Company in



connection with the transition of the Services to a New Provider or potential New Provider; and (v) not be authorized to incur or charge the Company for any Administrative Charges.

8.8.2 Upon termination of this Services Agreement for any reason: (i) each Party shall pay the other Party any amounts due as of the date of such termination in accordance with the terms of this Services Agreement; and (ii) the Company shall pay the Provider for any costs and expenses incurred under any subcontracts executed by the Provider as a result of any such termination.

8.8.3 All documents required to be delivered pursuant to Section 8.8.1 shall be delivered free and clear of any liens, security interests or encumbrances, except such as may be created by the Company.

8.8.4 Except as provided herein, no action taken by the Company or the Provider after the termination of this Services Agreement shall prejudice any other rights or remedies of the Company or the Provider provided by Applicable Law, this Services Agreement or otherwise upon such termination.

8.8.5 If the Company requests that the Provider continue to provide Services after the termination of this Services Agreement, the Provider shall: (i) perform such Services for a period of up to six (6) months after termination of this Services Agreement; and (ii) reasonably assist the Company to facilitate the orderly transfer of the Services to the Company and/or to enable another party (a "New Provider") chosen by the Company to take over the provision of all or part of the Services. The Company shall pay the Provider in accordance with Section 6.1 for any Services performed pursuant to this Section 8.8.5.

## **ARTICLE 9 INSURANCE PLAN**

The Parties shall procure and maintain (or cause to be procured and maintained) insurance of the types, in the amounts and with the deductibles/retentions and waivers specified on Schedule 9 (the "Insurance Plan"). If a Party fails to carry the insurance required to be provided by it pursuant to the Insurance Plan, then the other Party on not less than ten (10) days' prior written notice may procure such insurance and shall be entitled to reimbursement therefor from the other Party on written demand. Each Party may self-insure all or any portion of the coverage required pursuant to the Insurance Plan during any period in which such Party: (a) maintains a net worth of no less than \$100,000,000; or (b) is covered by a program of self-insurance maintained by a Corporate Affiliate of such Party and either: (i) such Corporate Affiliate maintains a net worth of no less than \$100,000,000; or (ii) the obligations and liabilities of such Corporate Affiliate are guaranteed or supported by a Corporate Affiliate having a net worth of no less than \$100,000,000. Any such self-insurance shall not be deemed to transfer or alter the allocation of risks set forth in this Services Agreement.

## ARTICLE 10 INDEMNIFICATION

### 10.1 Indemnification of Third Party Claims.

10.1.1 The Company shall indemnify, defend and hold harmless the Provider, its Corporate Affiliates and its and their respective officers, directors, members, shareholders, employees, agents and representatives (each a “Provider Indemnified Person”) from and against any third-party claim, demand, action, suit, damage, liability, loss, cost or expense (including reasonable attorneys’ fees and out-of-pocket disbursements), judgment, fine, settlement or other amount (a “Claim”) incurred by any Provider Indemnified Person to the extent arising out of this Services Agreement or the activities of the Parties hereunder and resulting from or attributable to any act, omission, event or circumstance other than the gross negligence or willful misconduct of any Provider Indemnified Person.

10.1.2 The Provider shall indemnify, defend and hold harmless the Company, its members (other than the Provider or any of its Corporate Affiliates), their Corporate Affiliates and each of their respective officers, directors, members, shareholders, employees, agents and representatives (each a “Company Indemnified Person”) from and against any third-party Claim incurred by any Company Indemnified Person to the extent resulting from the gross negligence or willful misconduct of the Provider.

10.1.3 Sections 10.1.1 and 10.1.2 are subject to the limitations on liability in Section 8.6.2.

### 10.2 Indemnification Procedures.

10.2.1 If a Party (an “Indemnifying Party”) is obligated hereunder to indemnify, defend and hold harmless an Indemnified Person hereunder, such Indemnified Person shall give notice as promptly as is reasonably practicable to the Indemnifying Party of the Claim giving rise to such indemnification obligation; provided, that a delay by an Indemnified Person in delivering such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent (if any) that the Indemnifying Party shall have been materially prejudiced thereby. Provided that it first unconditionally acknowledges in writing its indemnification obligations hereunder, such Indemnifying Party shall have the right to control the defense and settlement of such Claim with counsel reasonably acceptable to it; provided, that the Indemnified Person may retain counsel at its expense to assist in the defense and settlement of such Claim. Without the prior written consent of the Indemnified Person, which consent shall not be unreasonably withheld, delayed or conditioned, the Indemnifying Party shall not enter into any settlement of any Claim which would lead to liability or create any financial or other obligation on the part of the Indemnified Person. If a firm offer is made to settle a Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Person and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to the Indemnified Person to that effect. If the Indemnified Person fails to consent to such offer within twenty (20) days after its receipt of such

notice, the Indemnifying Party shall be relieved of its obligations to defend such Claim and the Indemnified Person may contest or defend such Claim. In such event, the maximum liability of the Indemnifying Party with respect to such Claim shall be the amount of such settlement offer plus reasonable costs and expenses paid or incurred by the Indemnified Person up to the date of such notice.

10.2.2 If an Indemnifying Party fails to assume the defense of a Claim for which an Indemnified Person seeks indemnification hereunder, the Indemnified Person shall have the right to control the defense and settlement of such Claim with counsel reasonably acceptable to it, at the sole cost and expense of the Indemnifying Party.

10.3 Subrogation. In the event that an Indemnifying Party pays all or any portion of a Claim, the Indemnifying Party shall be subrogated to any and all defenses, claims or other matters which the Indemnified Person asserted or could have asserted against the Person making such Claim, and all related cross-claims that the Indemnified Person asserted or could have asserted against other Persons. The Indemnified Person shall execute and deliver to the Indemnifying Party (at the Indemnifying Party's expense) such documents as may be reasonably necessary to establish, by way of subrogation, the ability of the Indemnifying Party to assert such defenses, claims, cross-claims or other matters.

10.4 Survival. This Article 10 shall survive the termination of this Services Agreement.

## ARTICLE 11 EXCUSED PERFORMANCE

11.1 Force Majeure. Neither Party shall be responsible for any delay or failure to perform hereunder (other than any obligation to pay money) if such delay or failure to perform is attributable to an event of Force Majeure; provided, that:

- (a) the excused Party oversees such interruption in accordance with Good Industry Practice to the extent practicable;
- (b) the excused Party, within ten (10) days after the occurrence of the Force Majeure event, gives the other Party written notice describing the particulars of the occurrence;
- (c) the suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure event;
- (d) the excused Party uses its reasonable efforts to remedy its inability to perform (provided, however, that no Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest, it being understood that the settlement of strikes, walkouts, lockouts or other labor disputes shall be at the sole discretion of the Party involved); and

- (e) when the excused Party is able to resume performance of its obligations under this Services Agreement, that Party shall give the other Party written notice to that effect.
- 11.2 Change in Law. In the event a Party is unable to perform any obligation hereunder due to any change in any Applicable Law, the Parties shall attempt in good faith to amend this Services Agreement as necessary to permit such Party to comply with the change in Applicable Law while preserving the purpose and value of this Services Agreement (including tax and accounting treatment of the Parties) for both Parties. If the Parties are unable to reach agreement on such an amendment, the Party affected by the change in Applicable Law shall be excused from the performance of that obligation to the extent so affected.
- 11.3 Emergencies. Notwithstanding any other provision of this Services Agreement, if the Provider believes in good faith that a condition or circumstance that threatens imminent harm to persons, property or the environment exists or has occurred or that the performance of any of the Services would (in the reasonable judgment of the Provider) create an unreasonable safety risk to persons, property or the environment, or would violate the Provider's safety policies or procedures (each of the foregoing, an "Emergency"), the Provider may discontinue performance until such time as the Services can be performed safely and in conformity with such policies and procedures. Additionally, if prompt action within the scope of any Services is required to avoid or mitigate losses from an Emergency, the Provider shall take such reasonable actions, or cause such actions to be taken, in the Provider's reasonable judgment, to the extent required to avoid or mitigate the Emergency. The Provider shall promptly notify the Company of the Emergency, and the remedial and preventive actions taken and the costs incurred or reasonably expected to be incurred. Unless the Emergency is the direct result of gross negligence or willful misconduct of the Provider's officers, directors, agents or personnel (acting within the course and scope of their employment by the Provider), the costs incurred for actions taken pursuant to this Section 11.3 and the costs incurred as the result of any necessary delay shall be paid or reimbursed by the Company in accordance with Article 7.

## ARTICLE 12 GENERAL PROVISIONS

- 12.1 Confidentiality Agreement. Each Party agrees that the provisions of Section 20 of the Operating Agreement shall apply to all Confidential Information disclosed or made available by a Party to the other Party pursuant to this Services Agreement.
- 12.2 Interest on Overdue Amounts. Any amount due to a Party under this Services Agreement shall accrue interest daily from the deadline for payment thereof until paid at the Default Rate.
- 12.3 Assignment. Neither Party may assign this Services Agreement or any of its rights hereunder or delegate any of its duties hereunder to any Person without the prior written consent of the other Party. Notwithstanding the foregoing, the Provider may assign this

Services Agreement to any of its Corporate Affiliates without the Company's consent if the proposed assignee has the expertise, resources and capability to perform the Services and agrees in writing to be bound by the terms of this Services Agreement. The Provider shall be relieved of and released from its obligations under this Services Agreement from and after any such assignment.

- 12.4 Setoff. A Party may offset any amounts it owes to the other Party pursuant to this Services Agreement by any amount such other Party owes to it pursuant to this Services Agreement.
- 12.5 Applicable Law. This Services Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Delaware, without regard to its conflict of laws principles.
- 12.6 Binding Agreement; No Third Party Beneficiaries. This Services Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns. Nothing in this Services Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations or liabilities under or by reason of this Services Agreement, except as expressly provided herein.
- 12.7 Notices.
- 12.7.1 All notices, demands, requests or communications which are required or authorized by this Services Agreement are to be in writing and delivered via personal delivery, mailed by registered or certified mail (return receipt requested) postage prepaid, sent prepaid by overnight air courier or facsimile to the addresses designated for each Party on Schedule 12.7, as such Schedule may be modified from time to time.
- 12.7.2 All such notices, demands, requests or communications shall be deemed to have been given and duly received: (i) on the third (3rd) Business Day after posting if mailed as provided; (ii) when delivered personally (including delivery by private courier services) unless such day is not a Business Day, in which case such delivery will be deemed to be made as of the next succeeding Business Day; or (iii) if sent by facsimile, when receipt is evidenced by written confirmation generated by the recipient's facsimile machine showing successful transmission.
- 12.7.3 Either Party may from time to time specify a different address by notice to the other Party.
- 12.8 Terminology. All personal pronouns used in this Services Agreement, whether masculine, feminine or neuter, shall include all other genders, and the singular shall include the plural and vice versa whenever the context requires.
- 12.9 Entire Agreement. This Services Agreement, including the Schedules, contains the entire agreement between the Parties with respect to the matters it purports to cover. This Services Agreement supersedes any prior understanding or oral or written agreement between the Parties respecting the subject matter of this Services Agreement.

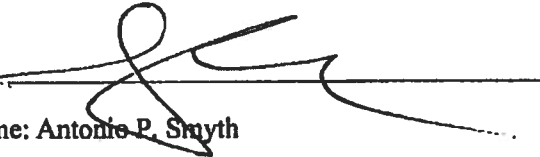
- 12.10 Severability. If any one or more of the provisions contained in this Services Agreement, or the application thereof to any Party or to circumstances that may arise hereunder, shall for any reason be held to be invalid, illegal or unenforceable in any respect, the remainder of this Services Agreement and the application of such provision(s) to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by Applicable Law.
- 12.11 Other Instruments. The Parties covenant and agree that they will execute such other and further instruments and documents as are or may become reasonably necessary or convenient to effectuate and carry out the purposes of this Services Agreement.
- 12.12 Amendments. This Services Agreement may only be amended or modified by a written instrument signed by all Parties.
- 12.13 Waivers. No waiver of this Services Agreement, or any part hereof, shall be binding unless made in writing and signed by the Party to be charged with such waiver. No waiver of any breach or condition of this Services Agreement shall be deemed to be a waiver of any subsequent breach or other condition whether of like or different nature.
- 12.14 Counterparts. This Services Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. An executed counterpart may be delivered by facsimile or electronic mail and, when so delivered, shall be legally enforceable in accordance with its terms.
- 12.15 Costs. Each Party shall be responsible for its own costs incurred in connection with the negotiation of this Services Agreement.
- 12.16 WAIVER OF RIGHT TO JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, AND AS SEPARATELY BARGAINED-FOR CONSIDERATION, EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATING TO THE SERVICES OR THIS SERVICES AGREEMENT.
- 12.17 Survival. Any provision specifically designated in this Services Agreement to survive the termination hereof and (unless otherwise expressly provided) any other provision which, by its nature, necessarily may become performable by a Party after termination of this Services Agreement shall survive the expiration of earlier termination of this Services Agreement.
- 12.18 Dispute Resolution. In the event of any failure of the Provider and the Company to reach agreement on any material matter hereunder, a senior executive officer of the Provider and a senior executive officer of a Member that is not a Corporate Affiliate of the Provider shall meet to attempt to resolve any such dispute in good faith. If agreement cannot be reached between such officers within fifteen (15) days (or such longer period as may be agreed between such officers), the Parties shall be free to pursue any other remedy available at law or in equity.

*The next page is the signature page*

IN WITNESS WHEREOF, the Parties have executed this Services Agreement as of the date first set forth above.

**COMPANY**

TRANSOURCE ENERGY, LLC

By: 

Name: Antonio P. Smyth

Title: President

**PROVIDER**

AMERICAN ELECTRIC POWER SERVICE  
CORPORATION

By: 

Name: Scott N. Smith

Title: Senior Vice President

*Signature Page to AEPSC Services Agreement*

## SCHEDULE 1.1 DEFINITIONS

“Administrative Charges” means the costs and expenses of any personnel of the Provider or any of its Corporate Affiliates who perform or conduct the duties or functions described in Section 2.8.1, which charges shall be determined in accordance with Section 6.1.

“Applicable Law” means: (i) any statute, law, ordinance, executive order, rule or regulation; (ii) any guideline or notice having force of law, including any applicable requirements of NERC or a regional transmission organization or similar planning authority; or (iii) any approval, permit, code, standard of conduct, regulatory code of conduct, license, franchise, judgment, order, decree, injunction, or writ of any Governmental Authority applicable to a specified Person or specified property, in each case as in effect from time to time.

“Approved Budget” has the meaning set forth in Section 2.6.1.

“Business Day” means any working day in the United States other than a Saturday, Sunday or a day on which banks located in New York, New York are authorized or required by Applicable Law to close.

“Claim” has the meaning set forth in Section 10.1.1.

“Company” has the meaning set forth in the preamble hereto.

“Company Project” means any electric transmission project approved by the Company in accordance with and pursuant to the Operating Agreement.

“Company Indemnified Person” has the meaning set forth in Section 10.1.2.

“Confidential Information” has the meaning set forth in the Operating Agreement.

“Contract” means any legally binding contract, agreement, arrangement, bond, instrument, note, mortgage, license or other instrument of any kind.

“Corporate Affiliate” of a specified Person means any other Person (other than a natural person) that directly or indirectly controls, is controlled by or is under common control with the Person specified. For purposes of this definition, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by Contract or otherwise); provided, that, in any event, any Person that owns directly or indirectly securities having at least fifty percent (50%) of the voting power for the election of directors or other members of the governing body of a corporation or at least fifty percent (50%) of the partnership or other ownership interests (that carry voting power) of any other Person will be deemed to control such corporation or other Person.

“Default Rate” means the prime rate in effect from time to time as published by The Wall Street Journal (and generally defined therein as the base rate on corporate loans posted by at least



seventy-five percent (75%) of the nation's thirty (30) largest banks) plus five percent (5%) or, if less, the maximum annual interest rate permitted by Applicable Law.

“Defaulting Party” has the meaning set forth in Section 8.1.

“Effective Date” has the meaning set forth in the preamble hereto.

“Emergency” has the meaning set forth in Section 11.3.

“Environmental Laws” means all federal, state or local laws, foreign law, treaty or international agreement and all licenses, permits, authorizations, approvals, consents, judicial or administrative orders, judgments, decrees, directives, injunctions, requirements or agreements of or with any Governmental Authority, in each case relating to: (i) pollution, protection, restoration or preservation of public health and the environment; (ii) human health or safety; or (iii) exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release, threatened release or disposal of, Hazardous Materials, including the Federal Water Pollution Control Act (33 U.S.C. §§ 1251 et seq.), the Resources Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.), the Safe Drinking Water Act (42 U.S.C. §§ 3000(f) et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), the Clean Water Act (33 U.S.C. §§ 1311 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. §§ 11001 et seq.), the Occupational Safety and Health Act of 1970 (29 U.S.C. §§ 651 et seq.), the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. §§ 1201 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §§ 136 et seq.) and the Oil Pollution Act (33 U.S.C. §§ 2701 et seq.) and any similar state law.

“Event of Default” has the meaning set forth in Section 8.1.

“FERC” means the Federal Energy Regulatory Commission.

“Force Majeure” means any circumstance or cause reasonably beyond a Party's control, which could not reasonably be prevented, avoided or removed with the exercise of reasonable diligence of the affected Party, and which causes such Party to be delayed in the performance of, or unable to perform, its obligations under this Services Agreement. Such causes may include, to the extent they meet the foregoing criteria, condemnation, expropriation, invasion, plague, drought, landslide, hurricane, flood, lightning, tornado, storm, earthquake, fire, explosion, epidemic, quarantine, war (declared or undeclared), terrorism or other armed conflict, material physical damage to the Company's property caused by third parties, inability to gain access to real property as necessary to perform Services (except to the extent that the failure to gain access is the result of the acts or omissions of the affected Party or its Corporate Affiliates), riot or similar civil disturbance or commotion, other act of God, act of the public enemy, blockade, insurrection, sabotage or vandalism, embargo, change in Applicable Law as described in Section 11.2, an act of any Governmental Authority, regional transmission organization or similar planning authority and labor strikes, work stoppages or other labor unrest.

“Good Industry Practice” means the practices, methods and acts engaged in or approved by a significant portion of electric transmission project developers and owners in the United States during the relevant time period, or any of the practices, methods and acts that, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, would have been expected by a significant portion of such Persons to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition; provided, however, that Good Industry Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is intended to include generally accepted practices, methods or acts.

“Governmental Authority” means: (i) any federal, state, foreign, tribal, local or municipal governmental body; and (ii) any governmental, regulatory or administrative agency, commission, body, instrumentality or other authority exercising or entitled to exercise executive, judicial, legislative, administrative, regulatory or taxing authority or power, including any court or other tribunal.

“Indemnified Person” means a Company Indemnified Person or a Provider Indemnified Person.

“Indemnifying Party” has the meaning set forth in Section 10.2.1.

“Intellectual Property Rights” means any or all of the following: (i) all United States, international and foreign patent rights, patents and applications therefor and all reissues, divisions, extensions, provisionals, continuations and continuations-in-part thereof; (ii) all copyrights, copyright and mask work registrations and applications therefor and all other rights corresponding thereto throughout the world; (iii) all trade secret rights throughout the world; (iv) all rights under agreements relating to any of the foregoing; and (v) any similar or equivalent rights anywhere in the world.

“Insurance Plan” has the meaning set forth in Article 9.

“Member” has the meaning set forth in Section 8.2.1.

“NERC” means the North American Electric Reliability Corporation.

“New Provider” has the meaning given to it in Section 8.8.5.

“Non-Defaulting Party” means, with respect to an Event of Default, the Party that is not the Defaulting Party.

“Operating Agreement” has the meaning set forth in the recitals hereto.

“Party” and “Parties” have the meanings set forth in the preamble hereto.

“Person” means an individual, trust, estate, corporation, partnership, joint venture, limited liability company, business trust, unincorporated association or Governmental Authority.

“Proprietary Property” means, to the extent not in the public domain, any: (i) discoveries, inventions (whether patentable or not), invention disclosures, improvements (whether patentable

or not), formulae, formulations and know-how; (ii) technical and product specifications, equipment descriptions, plans, layouts, drawings, computer programs, assemblies, quality control procedures, installation procedures, operating procedures, operating and/or maintenance manuals, instructions and other user documentation, technical and marketing information, designs, data and/or other similar items; (iii) other trade secrets, copyrightable material or proprietary information; and (iv) all documentation of any of the foregoing.

“Provider” has the meaning set forth in the preamble hereto.

“Provider Indemnified Person” has the meaning set forth in Section 10.1.1.

“SEC” means the U.S. Securities and Exchange Commission.

“Services” means, with respect to any period of time, all of the services described in Schedule 2.1 that the Company has requested the Provider to perform for such period pursuant to this Services Agreement.

“Services Agreement” has the meaning set forth in the preamble hereto.

“Services Agreements” means this Services Agreement and the Services Agreement of even date herewith by and between the Company and Kansas City Power & Light Company.

“SPP Project Company” and “SPP Project Companies” have the meanings set forth in the recitals hereto.

“SPP Project Support Agreements” means: (i) the Support Agreement by and between Kansas City Power & Light Company, as the “Owner” and the Company; and (ii) the Support Agreement by and between KCP&L Greater Missouri Operations Company, as the “Owner” and the Company.

“SPP Projects” means the two (2) electric transmission projects under development by the SPP Project Companies as of the Effective Date that are expected to be transferred to the Company or a Subsidiary in accordance with the terms of the Operating Agreement.

“Subcontractor” has the meaning set forth in Section 2.5.2.

“Subsidiary” and “Subsidiaries” have the meanings set forth in the recitals hereto.

“Term” has the meaning set forth in Section 5.1.

“Work Product” has the meaning set forth in Section 4.1.

## SCHEDULE 2.1 SERVICES

### BUSINESS SERVICES

1. Providing personnel as may be reasonably necessary to manage, administer and oversee the Company's and the Subsidiaries' affairs and activities, including pursuing, studying and evaluating opportunities to develop or acquire Company Projects.
2. Administering, in the name and on behalf of the Company and each of its Subsidiaries, billing for services and collection of amounts due to the Company and each of its Subsidiaries.
3. Establishing, in the name and on behalf of the Company and each of its Subsidiaries as the representative of the Company and each of its Subsidiaries, one or more bank accounts and other collection, cash management and disbursement facilities as the Company deems appropriate (with the Provider's personnel having appropriate signature authority) and using such facilities to collect sums due to the Company and its Subsidiaries from any source and, subject to the terms of this Services Agreement and this Schedule, administering the payment of all sums owed by the Company or any Subsidiary. The Provider shall not commingle the Company's or any Subsidiary's funds with the funds of any other Person, including the Provider. The Provider's obligations to disburse funds shall not obligate it to make any disbursement unless the Company or a Subsidiary, as applicable, has funds sufficient therefor and such funds are available for disbursement.
4. Preparing and delivering to the Company, at times and with frequencies determined by the Company (but no less frequently than annually), a budget (the "Consolidated Budget") setting forth in reasonable detail all costs and expenses anticipated to be incurred or accrued by the Company in connection with the operation of the Company and its Subsidiaries during each calendar year, including the costs and expenses to be incurred or accrued by the Company pursuant to each budget delivered to the Company pursuant to the Services Agreements. Each Consolidated Budget shall be in a form reasonably satisfactory to the Company and shall include: (i) costs anticipated to be incurred, and revenues anticipated to be received, by the Company and each of its Subsidiaries, including pursuant to the Services Agreements; (ii) construction costs anticipated to be incurred by the Company and each of its Subsidiaries during such calendar year; (iii) an estimate of the operating and maintenance costs of the Company and each of its Subsidiaries for such calendar year, including appropriate contingency reserves; (iv) an estimate of the capital costs of the Company and each of its Subsidiaries during such calendar year; (v) a schedule of funds required to operate and maintain the Company and each of its Subsidiaries for such calendar year and the assets of the Company and such Subsidiaries, including a schedule of anticipated capital requirements for such calendar year; and (vi) a three-year forecast of the construction, operating and maintenance and capital costs of the Company and each of its Subsidiaries. The Provider shall, from time to time, revise the Consolidated Budget as reasonably necessary or as requested by the Company.
5. Preparing and delivering to the Company at times and with frequencies determined by the Company (but no less frequently than annually), a report (the "Consolidated Cost Report")

SCHEDULE 2.1-1

setting forth in reasonable detail all costs and expenses actually incurred or accrued by the Company and each of its Subsidiaries.

6. Managing the Company's and, to the extent applicable, each of its Subsidiaries', internal accounting, internal and external auditing, control (including providing reasonable assistance to facilitate the compliance by each Member with the Sarbanes-Oxley Act) and treasury functions.

7. Engaging and directing, in the name and on behalf of the Company, accountants, consultants and experts as appropriate.

8. Designing and administering a system of controls for the activities, obligations and expenditures of the Company and its Subsidiaries.

9. Managing the investment of the Company's and, to the extent applicable, each of its Subsidiaries' funds so as to provide adequate liquidity for the Company's and each of its Subsidiaries' operations, protect against investment losses and earn investment returns commensurate with such requirements of liquidity and safety. The Provider shall not commingle the Company's investments with the investments of any other Person, including the Provider.

10. Preparing and delivering to the Company the following financial information:

- a. on a monthly basis, preliminary trial balances and consolidating financials for the immediately preceding calendar month subtotaled in a format consistent with the financial statements delivered pursuant to paragraph (b)(i) below;
- b. on a monthly basis:
  - i. statements of operations, statements of financial position and statements of cash flows for the immediately preceding calendar month consistent with the reporting requirements of the SEC;
  - ii. detailed trial balances for the immediately preceding calendar month utilizing FERC accounts summarized in a manner so as to tie directly into the lines on the financial statements delivered pursuant to clause (i) above;
  - iii. analyses of fluctuations in major financial statement caption lines for the immediately preceding calendar month which compare those lines to the information for the prior period (prepared on a year-to-date and quarter-to-date basis); and
  - iv. work papers supporting the determination of the statements of cash flows for the immediately preceding calendar month; and
- c. any other financial information reasonably requested by the Company in connection with the Company's, or any Member's, consolidated financial reports and analyses.

#### SCHEDULE 2.1-2

11. Supporting the Company and the Members in documenting the controls over financial reporting associated with the Company and its businesses.
12. Preparing and filing FERC Form 1's and FERC Form 3Q's on behalf of the Company and each of its Subsidiaries.
13. Managing the Company's and each of its Subsidiaries' internal and external legal services.
14. Maintaining documents and records of the Company and each of its Subsidiaries.
15. The Parties shall cooperate and support orderly transitions of the accounting function related to commencement and termination of Business Services.

### **TAX COMPLIANCE SERVICES**

1. Managing the Company's and each of its Subsidiaries' tax compliance function, including preparing (or causing to be prepared) and submitting to the Company for approval, signing and filing, all local, state and federal tax returns (including information returns, reports, estimates and other similar information filed with a taxing authority).
2. Assisting the Company and each of its Subsidiaries in connection with any audits, investigations or other inquiries by a taxing authority.
3. Preparing and providing to the Company any information concerning the Company necessary for the preparation of any Member's income tax return(s).

### **RISK MANAGEMENT SERVICES**

1. Recommending to the Company a risk management plan, including an insurance portfolio for the Company's and each of its Subsidiaries' properties and operations and other elements of the Company's and each of its Subsidiaries' risk (including liquidity, cash flow and credit risk) for the Company's approval.
2. Reviewing the Company's risk management plan on an annual basis (or more frequently if requested by the Company) and, to the extent applicable, recommending suggested modifications.
3. Administering the implementation and maintenance of the insurance portfolio and risk management plan approved by the Company from time to time.
4. Managing any claims made by or against the Company, including managing the settlement of claims under the Company's and each of its Subsidiaries' insurance portfolio. The

### **SCHEDULE 2.1-3**

Provider shall not make any ultimate agreement on settlement without the prior approval of the Company.

## **SITING AND LAND ACQUISITION SERVICES**

1. Analyzing and making recommendations to the Company with respect to the siting of the Company Projects (including conducting all necessary studies, public workshops and other public communication activities with respect to such siting). The Provider's recommendations shall be based on the applicable requirements of regional transmission organizations and similar planning authorities, local land use and zoning considerations and geology and geography.
2. With respect to any real property interest on which the Company Projects are, or are expected, to be situated: (i) conducting appropriate environmental due diligence; (ii) obtaining appropriate rights to enter such real property interest for inspection and surveying; (iii) obtaining appropriate title work; (iv) managing the acquisition of such real property interest on behalf of the Company and each of its Subsidiaries; and (v) procuring (or managing, overseeing and prosecuting, in the name and on behalf of the Company and each of its Subsidiaries, the procurement of) any Third Party Approvals required to use or access such real property interest.
3. With respect to any real property interest on which the Company Projects are, or are expected, to be situated, documenting such real property interest by files and maps, in accordance with formats reasonably acceptable to the Company and providing surveys as needed to obtain such real property interest.
4. With respect to any real property interest on which the Company Projects are, or are expected, to be situated, identifying landowners and required crossing locations and managing communications with such landowners so as to obtain required permissions.
5. With respect to any real property interest on which the Company Projects are, or are expected, to be situated, negotiating, on a case by case basis, the terms for the acquisition of each parcel of such real property interest, including all monetary payments associated therewith; provided, that the Provider shall not enter into any agreement or bind the Company or any of its Subsidiaries in respect of such real property interest without the Company's or such Subsidiaries' express written consent. The Provider provides no guarantee that any such real property interest can be obtained, nor does it guarantee that the transmission line routes that the Company selects will ultimately receive necessary Third Party Approvals.
6. Providing the Company with a written plan (the "Right-of-Way Acquisition Plan") for the acquisition of all real property interests on which the Company Projects are, or are expected, to be situated, which plan shall include: (i) a schedule for the acquisition of real property interests, including identification of real property interests and locations thereof, that will need to be acquired; (ii) the timing of optioning and acquiring such real property interests; and (iii) guidelines and procedures to be utilized by the Provider in negotiating the acquisition of such real property interests. The Provider shall amend or update the Right-of-Way Acquisition Plan as reasonably necessary. The Provider shall diligently proceed to implement the Right-of-Way Acquisition Plan.

### SCHEDULE 2.1-4

7. Providing the Company and each of its Subsidiaries with a written summary and instructions for reasonable access (and any applicable restrictions) to the real property interests on which the Company Projects are, or are expected, to be situated to facilitate the Engineering and Design Services and the Construction Services.

8. All real property interests shall be acquired, and any options with respect thereto shall be executed, in the name of the Company or a Subsidiary pursuant to forms of agreement(s) approved by the Company. Any amounts owed to landowners in respect of the acquisition of real property interests shall be paid directly by the Company or a Subsidiary.

9. The Siting and Land Acquisition Services shall not include initiating or managing litigation to condemn real property interests; provided, that the Provider shall cooperate with, and provide support to, the Company and each of its Subsidiaries and their respective legal counsel with respect to any such litigation, including providing evidence and testimony regarding valuation, prior negotiations and other matters related to the condemnation.

## **REGULATORY SERVICES**

1. Drafting, preparing, filing, monitoring and prosecuting all applications and other documentation in an effort to obtain Third Party Approvals (including such Third Party Approvals pursuant to Environmental Laws and federal and state energy regulatory laws) necessary for the Company and each of its Subsidiaries to develop, construct, own, operate, maintain, repair and replace the Company Projects.

2. Engaging and directing outside legal counsel as appropriate in connection with the foregoing activities.

## **PROCUREMENT SERVICES**

1. Managing procurement activities, including: (i) identifying qualified vendors and equipment and material suppliers; (ii) conducting requests for information; (iii) conducting requests for quotations; (iv) conducting negotiations; (v) recommending awards of contracts; (vi) preparing prudency reviews; and (vii) developing vendor and equipment and material supply contracts.

2. Managing equipment and material delivery to the job site for the Company Projects including: (i) providing equipment and material expediting services; (ii) coordinating equipment and material delivery; and (iii) coordinating storage requirements with service providers providing Construction Services.

3. Preparing and submitting to the Company and each of its Subsidiaries for its approval bid packages for all contracts, purchase orders, bills of sale or other agreements to be entered into by the Company and/or any of its Subsidiaries, on the one hand, and any other Person other than the Provider or any Affiliate of the Provider, on the other hand, in connection with any service to be



provided to or for the Company or any of its Subsidiaries or any materials or equipment to be purchased by the Company or any such Subsidiaries (“Direct Contracts”) necessary in connection with the development, construction, ownership, operation, maintenance, repair or replacement of the Company Projects.

4. Negotiating Direct Contracts on behalf of the Company and its Subsidiaries, subject to direction and advice from the Company and/or such Subsidiaries, as applicable.
5. Managing and administering, and performing inventory control and other contract management services with respect to, Direct Contracts.
6. Processing and prosecuting, on behalf and in the name of the Company and its Subsidiaries, any warranty or other claims with respect to Direct Contracts.
7. On an annual basis, submitting to the Company a budget setting forth the costs and expenses anticipated to be incurred or accrued with respect to Direct Contracts. The Provider shall submit to the Company updates to such budget from time to time as necessary to reflect material changes thereto.
8. The Provider shall perform the Procurement Services in compliance with any procurement policies and procedures adopted by the Company and each of its Subsidiaries.

#### **ENGINEERING AND DESIGN SERVICES**

1. Engineering and designing the Company Projects, including: (i) specifying materials and equipment to be incorporated therein; (ii) developing conceptual designs and detailed designs; (iii) preparing construction drawings and as-built drawings; (iv) preparing design calculations; (v) performing engineering design services related to the real property on which the Company Projects are to be situated (including preparing surveys, environmental analyses and reports, soils and subsurface studies and preliminary Phase I reports); (vi) conducting necessary core borings on the real property on which the Company Projects are to be situated; (vii) performing any engineering necessary to facilitate transportation and delivery of equipment and materials in connection with the Services, including the transportation and delivery of materials to work sites; and (viii) procuring (or managing, overseeing and prosecuting, in the name and on behalf of the Company and/or any of its Subsidiaries, the procurement of) any necessary Third Party Approvals for the design and engineering of the Company Projects.
2. Providing to the Company and its Subsidiaries for their review and comment: (i) all initial design drawings of the Company Projects; (ii) all detailed and working drawings, specifications, engineering calculations and other documents prepared in connection with the engineering and design of such Company Projects; and (iii) all detailed construction drawings of the Company Projects. In addition, the Provider shall provide the Company and its Subsidiaries with access, at reasonable times, to design and engineering methods, calculations and data used in performing the Engineering and Design Services.

#### SCHEDULE 2.1-6

3. Notwithstanding any other provision of this Services Agreement or this Schedule, submitting each of the following items (including all conceptual and detailed designs, all construction and as-built drawings and all design calculations related thereto) to the Company and its Subsidiaries for their review, comment and final approval; provided, that if the Company or any Subsidiary fails to approve any such item, the Company and such Subsidiary shall cooperate with the Provider to develop an alternative to such item that is acceptable to the Company and such Subsidiary and consistent with Good Industry Practice:

- a. loading criteria for line structures;
- b. insulator types;
- c. the need for and application of optical ground wire for shield wires;
- d. the design approach for overall voltage protection;
- e. line and station naming conventions; and
- f. testing and commissioning plans.

4. Delivering, at a minimum, the following items to the Company and its Subsidiaries, on a schedule to be agreed upon by the Provider and the Company or such Subsidiary: (i) results of EMF, noise and corona studies; (ii) plan and profile drawings in Microstation and paper format; (iii) field data (staking sheets); (iv) PLS CADD models; (v) copies of detailed drawings, specifications and calculations prepared in connection with the design of the Company Projects; and (vi) a final engineering package to support the Company's and its Subsidiaries' maintenance activities.

5. The Provider shall not have any authority to modify any specification for a Company Project, once it has been approved by the Company or a Subsidiary, without the consent of the Company or such Subsidiary.

## **CONSTRUCTION SERVICES**

1. Managing the construction of the Company Projects and the installation of the facilities comprising such projects, including: (i) providing appropriate environmental, safety and quality assurance/control compliance measures; (ii) managing relationships with affected landowners during construction activities including settling construction damage claims; (iii) inspecting and testing the construction as necessary and appropriate; (iv) performing any necessary maintenance before the Company Projects are energized (other than merely for test purposes); (v) managing the placement of the Company Projects in service; and (vi) procuring (or managing, overseeing and prosecuting, in the name and on behalf of the Company or any Subsidiary, the procurement of) all Third Party Approvals necessary for the construction of the Company Projects.

2. Preparing and delivering to the Company and its Subsidiaries construction schedules for the Company Projects (each, a "Construction Schedule") setting forth, at a minimum:

### SCHEDULE 2.1-7

(i) preliminary due dates for construction progress reports to be delivered by the Provider to the Company and its Subsidiaries during the construction period; (ii) proposed key milestone dates for the construction of the Company Projects; and (iii) a projected date for the completion of the Company Projects. The Construction Schedule shall be in a form reasonably acceptable to the Company and its Subsidiary. The Provider shall update the Construction Schedule from time to time as reasonably necessary or as reasonably requested by the Company or such Subsidiary. The Construction Schedule is a planning document only and shall not be binding on the Parties.

3. Notwithstanding any other provision of this Schedule 8, the Provider shall not have any authority to modify any specification for a Company Project, once it has been approved by the Company or a Subsidiary, without the consent of the Company or such Subsidiary.

### **OPERATION AND MAINTENANCE SERVICES**

1. Coordinating interconnection activities with other parties and administering the interconnection agreements and related agreements of the Company and each of its Subsidiaries with transmission and distribution providers to which the Company Projects are interconnected and with generators whose generation facilities are interconnected with the Company Projects.

2. Negotiating interconnection and related agreements, administering the performance of the Company and each of its Subsidiaries under such agreements, enforcing the Company's and its Subsidiaries' rights under such agreements and managing communications with the counterparties thereto under or concerning such agreements.

3. Being responsible for the maintenance and repair of the Company Projects, including: (i) conducting periodic patrols and inspection of the Company Projects and the Company's and its Subsidiaries' right-of-way areas; (ii) periodically clearing right-of-way areas; (iii) periodically testing the Company Projects; and (iv) replacing worn or broken parts.

4. Performing local field operations for the Company Projects, including switching, diagnostic testing and analysis, calibration, and other similar activities deemed necessary or appropriate from time to time by the Provider to facilitate the O&M Services.

5. Providing system control and data services, including all services to supervise, monitor, control, dispatch, restore and maintain operational data for the Company Projects in coordination with applicable requirements of regional transmission organizations and similar planning authorities.

6. Procuring and warehousing replacement parts in accordance with Good Industry Practice.

7. Performing and providing all engineering necessary to support the O&M Services.

8. Performing any other service or activity necessary or appropriate from time to time to maintain and operate the Company Projects in accordance with the Provider's maintenance and quality assurance/control and safety guidelines.

### **SCHEDULE 2.1-8**

9. Cooperating and coordinating its activities with the activities of the Company and its Subsidiaries, on the one hand, and those of any Person providing operation or maintenance services, on the other hand, so as to minimize delays, errors, inconsistencies, changes and unnecessary costs.

## **WEB HOSTING SERVICES**

1. Establishing, operating, maintaining and updating and granting the Company and its Subsidiaries access to an internet website that will enable the Company and its Subsidiaries to interface with all visitors to the website, including the Company's and its Subsidiaries' subcontractors, suppliers and vendors.

2. Without limiting any obligations the Provider may have in connection with any Services, the Provider shall have no obligation to validate the content, correctness or usability of any trademarks, trade names, logos, characters, written materials, graphics, photographs or other materials provided by the Company or any Subsidiary to the Provider, in whatever form or media ("Company Content"). All deliverables and other materials developed or prepared for the Company or its Subsidiaries by the Provider, all Company Content and the look and feel of the internet website, together with all patent rights, copyrights, trademarks, trade names and other proprietary rights (collectively, "Company Materials") are, and shall at all times be, the exclusive property of the Company. All Company Materials that constitute works of authorship shall be deemed to be works made for hire to the extent permissible under the federal copyright laws.

3. In the event the Provider enters into a subcontract to provide the Web Hosting Services, the obligations, responsibilities and liabilities of the Provider to the Company and its Subsidiaries with respect to Web Hosting Services shall not be more onerous than the obligations, responsibilities and liabilities of such Subcontractor pursuant to the terms of such subcontract.

## **SPP PROJECT SERVICES**

1. With respect to each SPP Project, assisting and supporting the Company in its efforts to obtain, for or in the name of the Company or a Subsidiary designated by the Company, a "Line Certificate" from the Missouri Public Service Commission and a FERC formula rate under Section 205 of the Federal Power Act.

2. Assisting and supporting the Company in its efforts to obtain, for or in the name of the Company or a Subsidiary designated by the Company, any other Third Party Approvals necessary to novate, transfer, assign and convey the SPP Projects to the Company or a Subsidiary.

3. To the extent that an SPP Project Company requests the Company to perform any Services, the Provider shall perform such Services on behalf of such SPP Project Company.

## **SCHEDULE 2.1-9**

4. Assisting and supporting the Company in reviewing, commenting on and making recommendations on contracts and other documents being negotiated, developed or reviewed by an SPP Project Company in connection with the SPP Projects.

5. Assisting and supporting the Company in performing any review or analysis pertaining to the SPP Projects or the activities of the SPP Project Companies in connection therewith.

SCHEDULE 2.1-10

**SCHEDULE 9  
INSURANCE PLAN**

**I. PROVIDER INSURANCE**

Workers' Compensation/Employers' Liability Insurance.

The Provider shall maintain Workers' Compensation Insurance or qualified self-insurance to the extent required by Applicable Law.

The Provider shall maintain Employers Liability Insurance in an amount not less than \$500,000 each accident, \$500,000 disease policy limit and \$500,000 disease each employee.

Automobile Liability Insurance.

The Provider shall maintain Automobile Liability Insurance in respect of all mechanically propelled vehicles used in any circumstances such as to be liable for compulsory motor insurance in accordance with Applicable Law and shall provide coverage for all owned, non-owned and hired vehicles. Such coverage shall include the Company and its Subsidiaries as additional insureds for any legal liability arising out of the negligence of the Provider and shall be primary and non-contributory to any claims arising out of the negligence of the Provider.

Commercial General Liability Insurance.

The Provider shall maintain Commercial General Liability Insurance (or equivalent) for its legal liability for bodily insurance, property damage or personal injury. Such insurance shall include, subject to policy terms and conditions, contractual liability encompassing the indemnity provisions of the Services Agreement, products/completed operations and independent contractors coverage.

Excess or Umbrella Liability Insurance.

The Provider shall maintain Excess or Umbrella Liability Insurance with coverage with a limit no less than \$25,000,000 in combination with the insurance coverages described above. The required limit may be in any combination of primary and excess or umbrella coverage, so long as the total amount of insurance is no less than \$25,000,000.

Aircraft Liability Insurance.

If aircraft are used in connection with the Services, the Provider shall maintain Aircraft Liability Insurance in respect of any aircraft owned, non-owned, hired or chartered for use. The limit of liability for such Aircraft Liability Insurance shall be no less than \$10,000,000 per occurrence. The Provider shall provide that the Excess or Umbrella Liability Insurance shall be excess of such Aircraft Liability Insurance in the event such insurance is required.

Other Insurance.

The Provider shall maintain insurance providing coverage for the Provider's own equipment being used at any Company project and not becoming permanent works of such project.

II. COMPANY INSURANCE

Workers' Compensation/Employers' Liability Insurance.

The Company shall maintain Workers' Compensation Insurance or qualified self-insurance to the extent required by Applicable Law.

The Company shall maintain Employers Liability Insurance in an amount not less than \$500,000 each accident, \$500,000 disease policy limit and \$500,000 disease each employee.

Automobile Liability Insurance.

To the extent the Company has exposure that would require the maintenance of such coverage, the Company shall maintain Automobile Liability Insurance in respect of all mechanically propelled vehicles used in any circumstances such as to be liable for compulsory motor insurance in accordance with Applicable Law, and shall provide coverage for all owned, non-owned and hired vehicles.

Commercial General Liability Insurance.

The Company shall maintain Commercial General Liability Insurance (or equivalent) for its legal liability arising out of its operations. Such insurance shall include coverage for bodily insurance, property damage or personal injury. Such insurance shall include, subject to policy terms and conditions, contractual liability encompassing the indemnity provisions of the Services Agreement, products/completed operations and independent contractors coverage.

Excess or Umbrella Liability Insurance.

The Company shall maintain Excess or Umbrella Liability Insurance with coverage with a limit no less than \$25,000,000 in combination with the insurance coverages described above. The required limit may be in any combination of primary and excess or umbrella coverage, so long as the total amount of insurance is no less than \$25,000,000.

Aircraft Liability Insurance.

If aircraft are used in connection with the Company's operations, the Company shall maintain Aircraft Liability Insurance in respect of any aircraft owned, non-owned, hired or chartered for use, if any. The limit of liability for such Aircraft Liability Insurance shall be no less than \$10,000,000 per occurrence. The Company shall provide that the Excess or Umbrella Liability Insurance shall be excess of such Aircraft Liability Insurance in the event such insurance is required.

SCHEDULE 9-2

### Property Insurance.

The Company shall be responsible for providing operational property insurance with respect to the Company's facilities and other real property as determined by the Company, and in no event shall the Provider be required to provide operational property insurance with respect to the Company's facilities or other real property. The Company shall cause each of its Property insurers to waive all rights of recovery or subrogation against the Provider for damage to the Company's property.

## III. GENERAL

### Evidence of Insurance.

Evidence of insurance required pursuant to this Schedule 9 in the form of certificates of insurance shall be furnished by each Party upon request of the other Party; and for those insurance coverages whereby the other Party is required to be included as an additional insured, the Party required to include the other Party shall at any time requested by the other Party, deliver to the other Party copies of the applicable terms and conditions of any of the insurance policies so requested if a loss should arise that may give rise to a potential claim against the Provider and/or the Company.

### Insurance Coverages.

Neither Party makes any representation to the other that the insurance coverages specified herein, whether in scope or amounts, are adequate to protect the obligations of either Party, and each Party shall be solely responsible for any deficiencies thereof. Nothing in this Schedule 9 shall be deemed to limit either Party's liability under the Services Agreement.

### Subcontractor's Insurance; Scope of Coverage.

The Company and the Provider shall require appropriate liability insurance (automobile liability, commercial general liability and excess or umbrella liability) and workers' compensation/employers' liability insurance of subcontractors (but not including any subcontractor that is a Corporate Affiliate) who perform services at a Company Project as shall be reasonable and in accordance with Good Industry Practice in relation to the work or other items being provided by each such subcontractor. Upon a Party's reasonable request, the other Party shall require its subcontractors (but not including any subcontractor that is a Corporate Affiliate) performing work at a Company Project site to provide evidence of the insurance maintained by such subcontractor.

### Other.

With respect to Workers' Compensation/Employer's Liability Insurance and Auto Liability Insurance, the Party obligated to obtain such coverage shall cause the applicable insurer, where permitted by Applicable Law, to waive for the benefit of the other Party all rights of recovery



and subrogation against the other Party, its Corporate Affiliates and their respective directors, officers, agents and employees.

With respect to Commercial General Liability Insurance and Excess or Umbrella Liability Insurance, the Party obligated to obtain such coverage shall cause the applicable insurer to waive any right of recovery which it may have or acquire against the other Party, its Corporate Affiliates and their respective directors, officers, agents and employees. Each Commercial General Liability policy shall provide for a severability of interest clause and a cross liability clause.

Notwithstanding anything to the contrary contained in this Schedule 9 or otherwise in the Services Agreement, it is intended for the Company's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance to be primary and non-contributory to the Provider's insurance for liability for bodily injury, property damage or personal injury arising out of the assets or operations of the Company. The Provider and the Provider's officers, directors, employees and agents shall be included as insureds or additional insureds, as appropriate, on the Company's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance policies for its/their liability arising out of the operations or assets of the Company. The Provider's Commercial General Liability Insurance and/or Excess or Umbrella Liability Insurance policies shall be excess of the Company's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance. This paragraph shall not apply to liability arising out of the Provider's owned, non-owned or hired vehicles (Automobile Liability Insurance).

In the event any insurance described herein (including the limits or deductibles thereof) is not available on commercially reasonable terms in the commercial insurance market, the applicable Party shall not be required to obtain or maintain such coverage, but shall maintain any such insurance up to the level, if any, at which such insurance can be obtained and maintained on commercially reasonable terms in the commercial insurance market.

All insurance required to be maintained shall be placed with financially sound and reputable insurers having an A. M. Best rating of A-VII (or equivalent rating from another recognized rating agency) or better.

Each Party shall provide or cause to be provided to the other Party ten (10) days notice in the event of cancellation of any insurance required to be maintained due to non-payment of premium and thirty (30) days notice in the event of cancellation for any other reason.

#### SCHEDULE 9-4

**SCHEDULE 12.7  
ADDRESSES FOR NOTICES**

If to the Company:           Transource Energy, LLC  
  1 Riverside Plaza  
  Columbus, Ohio 43215  
  Fax: (614) 552-1628  
  Attn: President  
  Email: apsmyth@aep.com

with a copy to:                American Electric Power Service Corporation  
  1 Riverside Plaza  
  Columbus, Ohio 43215  
  Fax: (614) 716-2014  
  Attn: Office of the General Counsel  
  Email: rgryan@aep.com

If to the Provider:            American Electric Power Service Corporation  
  700 Morrison Road  
  Gahanna, Ohio 43230  
  Fax: (614) 552-2602  
  Attn: Manager, Transmission Business Services  
  Email: amvogel@aep.com

with a copy to:                American Electric Power Service Corporation  
  1 Riverside Plaza  
  Columbus, Ohio 43215  
  Fax: (614) 716-2014  
  Attn: Office of the General Counsel  
  Email: rgryan@aep.com

SCHEDULE 12.7-1

**SUPPORT AGREEMENT**

**BY AND BETWEEN**

**TRANSOURCE ENERGY, LLC**

**AND**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**May 10 , 2012**

**TABLE OF CONTENTS**

ARTICLE 1 DEFINITIONS; RULES OF CONSTRUCTION..... 1  
    1.1 Definitions ..... 1  
    1.2 Rules of Construction ..... 1  
ARTICLE 2 SERVICES..... 2  
    2.1 Request for Services ..... 2  
    2.2 Standards for Performance ..... 3  
    2.3 Control of Work..... 3  
    2.4 Instructions and Clarifications ..... 3  
    2.5 Intentionally Omitted..... 3  
    2.6 Budgets ..... 3  
    2.7 Status Reports; Documentation ..... 4  
    2.8 Limitation on Authority ..... 4  
ARTICLE 3 OWNER OBLIGATIONS ..... 4  
    3.1 Standards for Performance ..... 4  
    3.2 Cooperation..... 4  
    3.3 Access ..... 4  
    3.4 Authorizations..... 5  
ARTICLE 4 INTELLECTUAL PROPERTY ..... 5  
    4.1 Ownership of Work Product ..... 5  
    4.2 Intellectual Property Rights ..... 5  
    4.3 Survival..... 6  
ARTICLE 5 TERM ..... 6  
    5.1 Term..... 6  
ARTICLE 6 COMPENSATION ..... 6  
    6.1 Charges for Services ..... 6  
    6.2 Invoicing ..... 6  
    6.3 Sales and Use Taxes ..... 6  
    6.4 Payment ..... 6  
    6.5 Right to Review Information ..... 7  
ARTICLE 7 WARRANTIES ..... 7  
    7.1 No Direct Warranties ..... 7  
    7.2 Exclusive Remedy ..... 7  
ARTICLE 8 DEFAULT AND TERMINATION ..... 7  
    8.1 Events of Default ..... 7  
    8.2 Termination for Cause ..... 8  
    8.3 Automatic Termination..... 8  
    8.4 Termination by Mutual Agreement ..... 8  
    8.5 Termination Based on Non-Affiliation..... 8  
    8.6 Fines and Penalties ..... 8  
    8.7 Limitations on Liability ..... 8  
    8.8 Exclusive Remedies..... 9  
    8.9 Obligations Upon Termination ..... 9  
ARTICLE 9 INSURANCE..... 9

9.1 Required Coverage .....	9
ARTICLE 10 INDEMNIFICATION .....	10
10.1 Indemnification of Third Party Claims.....	10
10.2 Indemnification Procedures .....	10
10.3 Subrogation.....	11
10.4 Survival.....	11
ARTICLE 11 EXCUSED PERFORMANCE .....	11
11.1 Force Majeure.....	11
11.2 Change in Law.....	11
11.3 Emergencies.....	12
ARTICLE 12 GENERAL PROVISIONS .....	12
12.1 Confidentiality .....	12
12.2 Interest on Overdue Amounts.....	14
12.3 Assignment .....	14
12.4 Setoff.....	14
12.5 Applicable Law.....	14
12.6 Binding Agreement; No Third Party Beneficiaries .....	14
12.7 Notices .....	14
12.8 Terminology .....	15
12.9 Entire Agreement.....	15
12.10 Severability .....	15
12.11 Other Instruments .....	15
12.12 Amendments .....	15
12.13 Waivers .....	15
12.14 Counterparts.....	15
12.15 Costs .....	16
12.16 Waiver of Right to Jury Trial.....	16
12.17 Survival.....	16
12.18 Dispute Resolution.....	16

SCHEDULES AND ANNEX

- Schedule 1.1 Definitions
- Schedule 9 Insurance Plan
- Schedule 12.7 Addresses for Notices
  
- Annex 1 Services Agreement

## SUPPORT AGREEMENT

This Support Agreement (the “Support Agreement”), dated as of May 10, 2012 (the “Effective Date”), is entered into by and between TRANSOURCE ENERGY, LLC, a limited liability company organized under the laws of the State of Delaware (“Transource”), and KCP&L GREATER MISSOURI OPERATIONS COMPANY, a corporation organized under the laws of the State of Delaware (“Owner”). Each of Transource and Owner are sometimes referred to herein, individually, as a “Party” and, collectively, as the “Parties.”

### RECITALS

WHEREAS, pursuant to the terms and conditions of the Operating Agreement of Transource dated as of April 3, 2012 (such agreement, as it may be amended from time to time, the “Operating Agreement”), GPE Transmission Holding Company, LLC is obligated to cause Owner to diligently pursue the development of the Sibley Project and, subject to the satisfaction of certain conditions precedent, to transfer such project to Transource or a subsidiary thereof; and

WHEREAS, Transource has entered into that certain Services Agreement dated as of April 3, 2012 (the “Services Agreement”, a copy of which is attached hereto as Annex 1) with American Electric Power Service Corporation (the “Provider”), pursuant to which the Provider is obligated to perform certain services related to the development of electric transmission projects, including the Sibley Project; and

WHEREAS, in anticipation of the transfer of the Sibley Project to Transource, Transource is willing to support the efforts of Owner to develop the Sibley Project in accordance with, and subject to, the terms hereof.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### ARTICLE 1 DEFINITIONS; RULES OF CONSTRUCTION

- 1.1 Definitions. As used in this Support Agreement, terms defined in Schedule 1.1 have the meanings set forth therein.
- 1.2 Rules of Construction. The following provisions shall be applied wherever appropriate herein:
  - (a) “herein,” “hereby,” “hereunder,” “hereof,” “hereto” and other equivalent words shall refer to this Support Agreement in its entirety and not solely to the particular portion of this Support Agreement in which any such word is used;
  - (b) “include,” “includes” and “including” are terms of illustration and not of limitation and shall be deemed in all instances to be followed by the phrase “without limitation”;

- (c) all definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural;
- (d) neither this Support Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsman hereof or thereof;
- (e) the Section headings appearing in this Support Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or extent of such Section, or in any way affect this Support Agreement;
- (f) any references herein to a particular Section, Article, Schedule or Annex means a Section or Article of, or a Schedule or Annex to, this Support Agreement unless another agreement or document is specified; and
- (g) the Schedules and Annexes attached hereto are incorporated herein by reference and shall be considered part of this Support Agreement.

## **ARTICLE 2 SERVICES**

### **2.1 Request for Services.**

2.1.1 In the event Owner desires the Provider to provide Services for the benefit of Owner, it shall deliver written notice to Transource and the Provider specifying the nature and scope of such Services; provided, that neither Transource nor the Provider shall have any obligation to provide such Services unless and until Transource, in its sole discretion, directs the Provider to perform such Services pursuant to Section 2.1.1 of the Services Agreement. Promptly after receipt of notice from Owner requesting any Services pursuant to this Section 2.1.1, Transource shall notify Owner whether it intends to direct the Provider to perform any or all such Services.

2.1.2 Owner may, by written notice, direct that any Services be suspended or terminated at any time and from time to time; provided, that Owner shall be responsible for all charges for demobilization activities and costs reasonably incurred by the Provider as a result of any such suspension or termination.

2.1.3 Owner hereby acknowledges and agrees that all Services provided hereunder will be provided by the Provider pursuant to the Services Agreement, of which Owner is a third party beneficiary with the right to enforce all rights, terms and conditions thereunder with respect to the Services. Accordingly, the Parties hereby agree that any notice, request or direction that Owner is authorized or required to deliver or issue to Transource hereunder with respect to any matter relating to the Services shall not be considered to have been delivered or issued unless and until it is delivered or issued by Owner, as applicable, to the Provider.

- 2.2 Standards for Performance. The Parties acknowledge and agree that the Provider is obligated under the Services Agreement to: (i) provide the Services in a good and workmanlike manner and in conformity with Good Industry Practice and Applicable Law; and (ii) not proceed with any Services unless and until necessary regulatory approvals, if any, for such Services have been obtained. With respect to any Services related to obtaining any third party approvals, Transource does not represent, warrant or guarantee that any such third party approval can or will be obtained.
- 2.3 Control of Work. Owner hereby acknowledges and agrees that the Provider is an independent contractor of Transource and that the Provider is solely responsible for and has control over the means, methods, techniques, scheduling, sequences and procedures used in the performance of the Services, including the supervision, direction and control of the personnel performing the Services.
- 2.4 Instructions and Clarifications. In the event the Provider or Transource requests instructions (or clarification of directives) from Owner prior to taking action with respect to any matter relating to the Services, the Provider may, to the extent reasonably necessary or appropriate, defer such action pending the receipt of such instructions or clarification from Owner. Owner shall not unreasonably withhold or delay any instruction or clarification to Transource or the Provider that is necessary or desirable to enable the Provider to timely and properly perform the Services.
- 2.5 Intentionally Omitted.
- 2.6 Budgets.
- 2.6.1 Owner may request Transource or the Provider to submit a proposed budget setting forth the costs and expenses reasonably anticipated to be incurred in connection with any Services. Any such budget shall be accompanied by reasonably detailed supporting materials showing assumptions and calculations incorporated therein including: (i) an estimate of all costs anticipated to be incurred by the Provider during the performance of the Services or the remainder of each year, whichever is shorter; and (ii) a schedule showing when such costs are expected to be incurred. Each such proposed budget shall be subject to the approval of Owner (each proposed budget, once approved, an "Approved Budget").
- 2.6.2 In the event of a suspension, modification, resumption or termination of any Services that will materially impact an Approved Budget or if Transource or the Provider anticipates that the total costs and expenses for Services will exceed one hundred ten percent (110%) of the then-current Approved Budget, Transource or the Provider shall timely provide to Owner a proposed amended budget reflecting a then-current assessment of costs and expenses to be incurred for Services for the remaining term of the then-current Approved Budget. Any proposed amendment to an Approved Budget shall include the information described in Section 2.6.1 and shall be subject to the approval of Owner.



2.6.3 Notwithstanding any other provision of this Support Agreement, Owner shall pay Transource in accordance with Article 6 all charges for Services, including any such charges in excess of the amounts for such Services set forth in the then-current Approved Budget.

- 2.7 Status Reports; Documentation. Transource or the Provider shall provide Owner with a reasonably detailed written report on the status of the Services and the charges for Services no less frequently than once every two (2) months. Such reports shall be reasonably acceptable to Owner as to form and content and shall, subject to applicable confidentiality restrictions, be accompanied by reasonable back-up documentation.
- 2.8 Limitation on Authority. Notwithstanding any other provision of this Support Agreement and without affecting any other limitations on the rights or duties of Transource hereunder, unless otherwise approved in writing by Owner or authorized pursuant to a written power of attorney granted by Owner to Transource or the Provider, neither Transource nor the Provider shall have authority to: (i) sell, lease, pledge, mortgage, encumber, convey, license, exchange or make any other transfer or disposition of any property of Owner; (ii) make, enter into, execute, amend, waive any rights under or modify or supplement any contract or agreement (including this Support Agreement) on behalf of, binding upon or in the name of Owner; (iii) settle, compromise, assign, pledge, transfer, release or consent to the same of any claim, suit, debt, demand or judgment against or due by Owner, or submit any such claim, dispute or controversy to arbitration or judicial process or stipulate to a judgment, or consent to do the same; (iv) agree to any penalty payable by Owner for violation of any Applicable Law; (v) make any representation or warranty on behalf of Owner; (vi) pledge the credit of Owner; or (vii) cause the conveyance, modification, sale or other disposition of any portion of the Sibley Project.

### **ARTICLE 3 OWNER OBLIGATIONS**

- 3.1 Standards for Performance. Owner shall carry out all of its activities relating to the Services in conformity with Good Industry Practice and Applicable Law. Owner shall not request Transource or the Provider to proceed with any act in connection with this Support Agreement, and neither Transource nor the Provider shall have any obligation to undertake any such act, unless and until all necessary regulatory approvals for such act have been obtained.
- 3.2 Cooperation. Owner shall cooperate with Transource, the Provider and the Provider's subcontractors so as to minimize delays, errors, inconsistencies, changes and unnecessary costs in connection with this Support Agreement.
- 3.3 Access. Owner shall provide (and shall cause its Corporate Affiliates to provide) Transource, the Provider and the Provider's subcontractors with access to Owner's sites and facilities in order for the Provider to perform the Services.

- 3.4 Authorizations. From time to time, Owner shall execute and deliver, as reasonably requested by Transource or the Provider, any authorizations reasonably necessary to facilitate the performance of the Services.

#### ARTICLE 4 INTELLECTUAL PROPERTY

- 4.1 Ownership of Work Product. Upon delivery, and unless otherwise limited by third party interests, Owner shall be the owner of the delivered copies of all drawings, plans, specifications, budgets, schedules, reports and other documents and materials prepared or provided by Transource or the Provider in the performance of the Services (“Work Product”).

- 4.2 Intellectual Property Rights.

4.2.1 Transource hereby grants, and agrees to cause the Provider to grant, to Owner an irrevocable, perpetual, non-transferable (except in connection with an assignment permitted pursuant to Section 12.3), non-exclusive, world-wide, royalty-free, internal use license to copy, use and display the Provider’s Proprietary Property and that of its Corporate Affiliates that is incorporated into any Work Product or otherwise provided to Owner for the purpose for which such Proprietary Property was provided pursuant to this Support Agreement.

4.2.2 The Proprietary Property of Transource, the Provider and their respective Corporate Affiliates is and shall remain the sole and exclusive property of such Person(s). Other than the license granted pursuant to Section 4.2.1, Owner shall have no right, claim or interest of any type, by virtue of this Support Agreement or otherwise, in or to: (i) the Proprietary Property of Transource, the Provider or their respective Corporate Affiliates; or (ii) any other Intellectual Property Rights of Transource, the Provider or their respective Corporate Affiliates. Owner hereby irrevocably waives and releases any right, claim or interest therein or thereto. Owner shall not reverse engineer, decompile, disassemble or otherwise attempt to reproduce the Proprietary Property of Transource, the Provider or their respective Corporate Affiliates in any manner.

4.2.3 Subject to the license granted pursuant to Section 4.2.1, all Intellectual Property Rights that Owner may hereafter acquire, discover, invent, originate, make, develop or conceive, in whole or in part, through its use of the Proprietary Property of Transource, the Provider or their respective Corporate Affiliates shall be the sole, exclusive and unencumbered property of Transource, the Provider or such Corporate Affiliate(s), as applicable, and shall be deemed a part of the Intellectual Property of Transource, the Provider or such Corporate Affiliate(s), as applicable. Owner shall execute and deliver, or cause to be executed and delivered, such agreements, instruments and documents (including one or more memoranda of license suitable for recording in the U.S. Patent and Trademark Office) and shall take such other actions as may be reasonably requested by Transource or the Provider for the purpose of effectuating, evidencing, implementing and facilitating the rights of Transource, the Provider and their respective Corporate Affiliates as set forth in this Section 4.2.3.

4.2.4 In the event that Owner uses any Proprietary Property for any purpose other than as permitted pursuant to Section 4.2.1, without limiting their other remedies, Transource, the Provider or their respective Corporate Affiliates shall have exclusive ownership rights in and to any proceeds, assets or intellectual property resulting from or related to such prohibited activity.

4.2.5 All of Transource's and the Provider's Proprietary Property and that of its Corporate Affiliates shall be deemed to be Confidential Information subject to Section 12.1.

4.3 Survival. This Article 4 shall survive the termination of this Support Agreement.

## **ARTICLE 5 TERM**

5.1 Term. The term of this Support Agreement (the "Term") shall commence on the Effective Date and, unless terminated in accordance with Article 8, shall remain in effect until the date as of which Owner transfers the Sibley Project to Transource.

## **ARTICLE 6 COMPENSATION**

6.1 Charges for Services. Charges for the Services provided pursuant to this Support Agreement shall be equal to the total charges owed for such Services by Transource pursuant to the Services Agreement.

6.2 Invoicing. On or before the fifteenth (15<sup>th</sup>) day of each calendar month, Transource or the Provider shall submit an invoice for all Services performed pursuant to this Support Agreement during the preceding calendar month. Each such invoice shall include an itemization of charges for Services based on the different categories of Services performed and shall direct whether payment for such Services should be made to Transource or directly to the Provider. Any monthly invoice may include billings to adjust or correct billings from prior periods. No less frequently than quarterly, Transource or the Provider shall provide reasonable supporting documentation to support previously invoiced charges, including hours charged for different job classifications and reconciliations against the Approved Budget.

6.3 Sales and Use Taxes. In addition to the amounts payable pursuant to Section 6.1, Owner shall pay Transource and/or the Provider any state or local sales or use tax or any other similar charge owed in connection with the Services (other than any such taxes or charges based on the earnings, income or net worth of Transource or the Provider). Transource shall take, and shall cause the Provider to take, reasonable actions to minimize the amount of such sales and use taxes payable hereunder.

6.4 Payment. Within thirty (30) days after Owner receives an invoice in accordance with Section 6.2, Owner shall pay Transource or the Provider, as applicable, the amount of such invoice. If Owner in good faith disputes any portion of an invoice, Owner shall pay the amount invoiced and provide a written explanation of the basis for the dispute. If any

amount is later determined or agreed not to have been owed by Owner, such amount (together with interest at the Default Rate from the date of payment until the date of reimbursement) shall either be credited against the next invoice or refunded by Transource to Owner within thirty (30) days after the resolution of the dispute. All disputes regarding invoiced amounts shall be resolved in accordance with Section 12.18.

- 6.5 Right to Review Information. Upon reasonable advance notice and at reasonable times, Owner shall have access to, and may examine, inspect, excerpt, audit, copy or transcribe any pertinent records of Transource and/or the Provider to the extent relating to and reasonably necessary to confirm such Person's performance under this Support Agreement. Owner's rights pursuant to this Section 6.5 shall be conducted in a manner that does not unreasonably interfere with the business operations of Transource or the Provider. This Section 6.5 shall survive the termination of this Support Agreement.

## **ARTICLE 7 WARRANTIES**

- 7.1 No Direct Warranties. SUBJECT TO SECTION 7.2: (I) NEITHER TRANSOURCE NOR THE PROVIDER MAKES ANY WARRANTY TO OWNER, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN CONNECTION WITH THE SERVICES; AND (II) OWNER ACKNOWLEDGES AND AGREES THAT THE SERVICES ARE BEING PROVIDED ON AN "AS-IS, WHERE-IS" BASIS, WITH ALL FAULTS.
- 7.2 Exclusive Remedy. OWNER'S SOLE REMEDY FOR ANY DEFICIENCY WITH RESPECT TO THE SERVICES PROVIDED HEREUNDER SHALL BE TO ENFORCE ITS REMEDIES AS A THIRD PARTY BENEFICIARY OF THE SERVICES AGREEMENT WITH RESPECT TO SUCH SERVICES. IN NO EVENT SHALL TRANSOURCE BE LIABLE FOR ANY SUCH DEFICIENCY.

## **ARTICLE 8 DEFAULT AND TERMINATION**

- 8.1 Events of Default. Each of the following shall constitute an event of default (an "Event of Default") with respect to a Party (such Party, the "Defaulting Party"):
- (a) such Party files a voluntary petition for bankruptcy or is adjudged bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceeding;
  - (b) such Party fails to pay any amount due to the other Party under this Support Agreement on or before the payment date therefor and does not cure such failure within ten (10) days after its receipt of written notice of such failure; or
  - (c) such Party breaches in any material respect any of its other obligations under this Support Agreement and fails to cure such breach within: (i) thirty (30) days of receipt of written notice of such breach from the other

Party; or (ii) such longer period as may be reasonably necessary to cure such breach (not to exceed ninety (90) days) if the breach is not reasonably susceptible of cure within such thirty (30) day period and such Party diligently pursues the cure of such breach within such additional time period.

8.2 Termination for Cause. Upon an Event of Default described in Sections 8.1(b) or Section 8.1(c), the Non-Defaulting Party may terminate this Support Agreement by providing written notice of such termination to the Defaulting Party.

8.3 Automatic Termination. This Support Agreement shall automatically terminate upon: (i) an Event of Default by a Party described in Section 8.1(a); (ii) payment by GPE Transmission Holding Company, LLC or its Corporate Affiliates of the amounts described in clause (a) of Section 15.6.2 of the Operating Agreement or (iii) the termination of the Services Agreement.

8.4 Termination by Mutual Agreement. The Parties may terminate this Support Agreement by mutual written agreement at any time.

8.5 Termination Based on Non-Affiliation. Either Party may, upon thirty (30) days written notice, terminate this Support Agreement if no Corporate Affiliate of Owner is a member of Transource.

8.6 Fines and Penalties. Transource may charge Owner for any monetary fine or penalty assessed against Transource by any Governmental Authority to the extent arising from the performance of the Services by Transource or the Provider, unless such fine or penalty results from the gross negligence, willful misconduct or actual fraud of Transource or the Provider, in which case Owner shall not be responsible for such fine or penalty. Owner may not charge Transource for any monetary fine or penalty assessed against Owner arising from the performance of the Services unless the monetary fine or penalty is caused by the gross negligence, willful misconduct or fraud of Transource or the Provider, in which case, as between the Parties, Transource shall be responsible for such fine or penalty.

8.7 Limitations on Liability.

8.7.1 A Defaulting Party shall not be liable for damages as a result of an Event of Default unless such Event of Default is due to its gross negligence or willful misconduct.

8.7.2 EXCEPT FOR CLAIMS BASED ON ACTUAL FRAUD, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING DAMAGES FOR LOSS OF USE OF EQUIPMENT, LOST BUSINESS OPPORTUNITIES OR PROFITS OR DAMAGE TO REPUTATION), EVEN IF THE DEFAULTING PARTY WAS AWARE OF THE POSSIBILITY OF SUCH DAMAGES, AND REGARDLESS OF THE THEORY OF LIABILITY UNDER WHICH SUCH DAMAGES ARE SOUGHT; PROVIDED, THAT THE FOREGOING

EXCLUSION SHALL NOT BE CONSTRUED TO LIMIT RECOVERY UNDER ANY INDEMNITY PURSUANT TO ARTICLE 10 FOR THIRD PARTY CLAIMS.

8.7.3 Transource's aggregate liability under or related to this Support Agreement (other than any liability based on actual fraud or any indemnification liability) shall not exceed the total amount paid to Transource pursuant to this Support Agreement for the category of Services to which the applicable breach relates (as such categories are set forth in the Services Agreement).

8.8 Exclusive Remedies. Except for the remedies otherwise expressly provided herein or as otherwise agreed in writing between the Parties and except for recoveries for actual fraud, the remedies set forth in this Article 8 are the exclusive legal and equitable remedy for any claim or controversy arising under or in connection with this Support Agreement or the Services, whether sounding in contract, negligence, intentional misconduct, other tort, breach of warranty, deceptive trade practice, other statutory cause of action, strict liability, product liability or other theory of liability.

8.9 Obligations Upon Termination.

8.9.1 Upon termination of this Support Agreement for any reason, Transource shall and shall cause the Provider to: (i) promptly discontinue performance of the Services; and (ii) upon request by Owner, deliver to Owner all documents (including design documents in process) in the Provider's possession related to the Services.

8.9.2 Upon termination of this Support Agreement for any reason, each Party shall pay any amounts due as of the date of such termination in accordance with the terms of this Support Agreement.

8.9.3 Except as provided herein, no action taken by Owner, Transource or the Provider after the termination of this Support Agreement shall prejudice any other rights or remedies of such Person provided by Applicable Law, this Support Agreement or otherwise upon such termination.

## ARTICLE 9 INSURANCE

9.1 Required Coverage. Owner shall procure and maintain insurance of the types, in the amounts and with the deductibles/retentions and waivers specified on Schedule 9 (the "Insurance Plan"). If Owner fails to carry the insurance required to be provided by it pursuant to the Insurance Plan, then Transource, on not less than ten (10) days' prior written notice, may procure such insurance and shall be entitled to reimbursement therefor from Owner on written demand. Owner may self-insure all or any portion of the coverage required pursuant to the Insurance Plan during any period in which Owner: (a) maintains a net worth of no less than \$100,000,000; or (b) is covered by a program of self-insurance maintained by a Corporate Affiliate of Owner and either: (i) such Corporate Affiliate maintains a net worth of no less than \$100,000,000; or (ii) the obligations and liabilities of such Corporate Affiliate are guaranteed or supported by a Corporate Affiliate having a net worth of no less than \$100,000,000. Any such self-

insurance shall not be deemed to transfer or alter the allocation of risks set forth in this Support Agreement.

## ARTICLE 10 INDEMNIFICATION

10.1 Indemnification of Third Party Claims. Owner shall indemnify, defend and hold harmless Transource, its members, their Corporate Affiliates and each of their respective officers, directors, members, shareholders, employees, agents and representatives (each a "Transource Indemnified Person") from and against any third-party claim, demand, action, suit, damage, liability, loss, cost or expense (including reasonable attorneys' fees and out-of-pocket disbursements), judgment, fine, settlement or other amount (a "Claim") incurred by any Transource Indemnified Person to the extent arising out of this Support Agreement or the activities of the Parties hereunder and resulting from or attributable to any act, omission, event or circumstance other than the gross negligence or willful misconduct of any Transource Indemnified Person.

10.2 Indemnification Procedures.

10.2.1 If Owner is obligated hereunder to indemnify, defend and hold harmless a Transource Indemnified Person hereunder, such Transource Indemnified Person shall give notice as promptly as is reasonably practicable to Owner of the Claim giving rise to such indemnification obligation; provided, that a delay by a Transource Indemnified Person in delivering such notice shall not relieve Owner of its obligations hereunder except to the extent (if any) that Owner shall have been materially prejudiced thereby. Provided that it first unconditionally acknowledges in writing its indemnification obligations hereunder, Owner shall have the right to control the defense and settlement of such Claim with counsel reasonably acceptable to it; provided, that the Transource Indemnified Person may retain counsel at its expense to assist in the defense and settlement of such Claim. Without the prior written consent of the Transource Indemnified Person, which consent shall not be unreasonably withheld, delayed or conditioned, Owner shall not enter into any settlement of any Claim which would lead to liability or create any financial or other obligation on the part of the Transource Indemnified Person. If a firm offer is made to settle a Claim without leading to liability or the creation of a financial or other obligation on the part of the Transource Indemnified Person and Owner desires to accept and agree to such offer, Owner shall give written notice to the Transource Indemnified Person to that effect. If the Transource Indemnified Person fails to consent to such offer within twenty (20) days after its receipt of such notice, Owner shall be relieved of its obligations to defend such Claim and the Transource Indemnified Person may contest or defend such Claim. In such event, the maximum liability of Owner with respect to such Claim shall be the amount of such settlement offer plus reasonable costs and expenses paid or incurred by the Transource Indemnified Person up to the date of such notice.

10.2.2 If Owner fails to assume the defense of a Claim for which a Transource Indemnified Person seeks indemnification hereunder, the Transource Indemnified Person

shall have the right to control the defense and settlement of such Claim with counsel reasonably acceptable to it, at the sole cost and expense of Owner.

- 10.3 **Subrogation.** In the event that Owner pays all or any portion of a Claim, Owner shall be subrogated to any and all defenses, claims or other matters which the Transource Indemnified Person asserted or could have asserted against the Person making such Claim, and all related cross-claims that the Transource Indemnified Person asserted or could have asserted against other Persons. The Transource Indemnified Person shall execute and deliver to Owner (at Owner's expense) such documents as may be reasonably necessary to establish, by way of subrogation, the ability of Owner to assert such defenses, claims, cross-claims or other matters.
- 10.4 **Survival.** This Article 10 shall survive the termination of this Support Agreement.

## ARTICLE 11 EXCUSED PERFORMANCE

- 11.1 **Force Majeure.** Neither Party nor the Provider shall be responsible for any delay or failure to perform hereunder (other than any obligation to pay money) if such delay or failure to perform is attributable to an event of Force Majeure; provided, that:
- (a) the excused Person oversees such interruption in accordance with Good Industry Practice to the extent practicable;
  - (b) the excused Person, within ten (10) days after the occurrence of the Force Majeure event, gives the other Party(ies) written notice describing the particulars of the occurrence;
  - (c) the suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure event;
  - (d) the excused Person uses its reasonable efforts to remedy its inability to perform (provided that no Person shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Person involved in the dispute, are contrary to its interest, it being understood that the settlement of strikes, walkouts, lockouts or other labor disputes shall be at the sole discretion of the Person involved); and
  - (e) when the excused Person is able to resume performance of its obligations under this Support Agreement, that Person shall give the other Party(ies) and, if applicable, the Provider written notice to that effect.
- 11.2 **Change in Law.** In the event a Party is unable to perform any obligation hereunder due to any change in any Applicable Law, the Parties shall attempt in good faith to amend this Support Agreement as necessary to permit such Party to comply with the change in Applicable Law while preserving the purpose and value of this Support Agreement (including tax and accounting treatment of the Parties) for both Parties. If the Parties are



unable to reach agreement on such an amendment, the Party affected by the change in Applicable Law shall be excused from the performance of that obligation to the extent so affected.

- 11.3 Emergencies. Notwithstanding any other provision of this Support Agreement, if Transource believes in good faith that a condition or circumstance that threatens imminent harm to persons, property or the environment exists or has occurred or that the performance of any of the Services would (in the reasonable judgment of Transource) create an unreasonable safety risk to persons, property or the environment, or would violate the safety policies or procedures of Transource or the Provider (each of the foregoing, an “Emergency”), Transource and/or the Provider may discontinue performance until such time as the Services can be performed safely and in conformity with such policies and procedures. Additionally, if prompt action within the scope of any Services is required to avoid or mitigate losses from an Emergency, Transource shall take such reasonable actions, or cause such actions to be taken, in the reasonable judgment of Transource or the Provider, to the extent required to avoid or mitigate the Emergency. Transource shall promptly notify Owner, or cause Owner to be notified, of the Emergency, and the remedial and preventive actions taken and the costs incurred or reasonably expected to be incurred. Unless the Emergency is the direct result of gross negligence or willful misconduct of the officers, directors, agents or personnel of Transource or the Provider (acting within the course and scope of their employment by Transource or the Provider), the costs incurred for actions taken pursuant to this Section 11.3 and the costs incurred as the result of any necessary delay shall be paid or reimbursed by Owner in accordance with Article 6.

## ARTICLE 12 GENERAL PROVISIONS

### 12.1 Confidentiality.

12.1.1 Except as permitted by Section 12.1.2, each Recipient shall keep, and shall cause its Corporate Affiliates to keep, confidential all Confidential Information and shall not disclose any Confidential Information to any Person.

12.1.2 Subject to the other provisions of this Section 12.1, the following disclosures and uses of Confidential Information are permitted:

- (a) disclosures to a Recipient’s Corporate Affiliates and their respective managers, directors, officers, employees or agents to the extent such Persons have a “need to know” such Confidential Information; provided, that each such Person to whom such Confidential Information is disclosed shall be required to treat such Confidential Information confidentially as required herein;
- (b) disclosures to a Recipient’s counsel, accountants, advisors or ratings agencies who have a “need to know” such Confidential Information; provided, that each Person to whom such Confidential Information is

disclosed has been informed of the confidential nature of the information disclosed to such Person and has agreed to keep confidential such Confidential Information;

- (c) disclosures to a member of Transource in connection with the business of Transource;
- (d) disclosures that may be required from time to time to obtain required third party approvals;
- (e) disclosures that are reasonably necessary in connection with obtaining financing; provided, that each Person to whom such Confidential Information is disclosed has been informed of the confidential nature of the information disclosed to such Person and has agreed to keep confidential such Confidential Information;
- (f) disclosures to a potential new member of Transource or purchaser of a membership interest in Transource if such Person agrees in writing to abide by the terms of this Section 12.1;
- (g) disclosures to a contractor or consultant or a direct or indirect subsidiary thereof if such Person agrees in writing to abide by the terms of this Section 12.1;
- (h) disclosures by a Recipient to Governmental Authorities to the extent reasonably necessary in connection with the exercise of any remedy hereunder; provided, that prior to any such disclosure, such Recipient shall obtain a protective order or other reasonable assurance that confidential treatment will be afforded the Confidential Information;
- (i) disclosures required by Governmental Authorities, including disclosures required pursuant to: (i) the Securities Act; (ii) the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder; (iii) any state securities laws; or (iv) any national securities exchange or automated quotation system; and
- (j) disclosures that a Recipient is legally compelled to make by deposition, interrogatory, request for documents, subpoena, civil investigative demand, order of a court of competent jurisdiction or similar process or otherwise by Applicable Law; provided, that such Recipient shall disclose only that portion of Confidential Information that, in its reasonable opinion, is legally required to be disclosed; and provided further, that prior to any such disclosure, such Recipient shall, to the extent legally permissible: (i) provide the Disclosing Party with notice of such requirements so that the Disclosing Party may seek a protective order or other appropriate remedy; (ii) consult with the Disclosing Party on the advisability of taking steps to resist or narrow any compelled disclosures; and (iii) reasonably cooperate with the Disclosing Party if it attempts to

obtain a protective order or other appropriate remedy or assurance that confidential treatment will be afforded the Confidential Information.

12.1.3 Each Recipient shall take reasonable measures to require that all Persons to whom the Recipient discloses Confidential Information, including their respective directors, officers, employees, agents and contractors, comply with the requirements of this Section 12.1.

12.1.4 The Parties agree that no adequate remedy at law exists for a breach or threatened breach of any of the provisions of this Section 12.1, the continuation of which, if not remedied, would cause a Disclosing Party to suffer irreparable harm. Accordingly, the Parties agree that a Disclosing Party shall be entitled, in addition to other remedies that may be available, to immediate injunctive relief from any breach of any of the provisions of this Section 12.1 and to specific performance of their rights hereunder, as well as to any other remedies available at law or in equity. Each Party hereby waives: (i) any defenses in any action for injunctive relief that such other Party is required to mitigate damages or otherwise has an adequate remedy at law; and (ii) any requirement under Applicable Law to post a bond or other security as a prerequisite to obtaining such injunctive relief.

12.1.5 The provisions of this Section 12.1 will survive a termination of this Agreement.

12.2 Interest on Overdue Amounts. Any amount due to a Party under this Support Agreement shall accrue interest daily from the deadline for payment thereof until paid at the Default Rate.

12.3 Assignment. Neither Party may assign this Support Agreement or any of its rights hereunder or delegate any of its duties hereunder to any Person without the prior written consent of the other Party.

12.4 Setoff. A Party may offset any amounts it owes to the other Party pursuant to this Support Agreement by any amount such other Party owes to it pursuant to this Support Agreement.

12.5 Applicable Law. This Support Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Delaware, without regard to its conflict of laws principles.

12.6 Binding Agreement; No Third Party Beneficiaries. This Support Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns. Nothing in this Support Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations or liabilities under or by reason of this Support Agreement, except as expressly provided herein.

12.7 Notices.

12.7.1 All notices, demands, requests or communications which are required or authorized by this Support Agreement are to be in writing and delivered via personal delivery, mailed by registered or certified mail (return receipt requested) postage prepaid, sent prepaid by overnight air courier or facsimile to the addresses designated for each Party and the Provider on Schedule 12.7, as such Schedule may be modified from time to time.

12.7.2 All such notices, demands, requests or communications shall be deemed to have been given and duly received: (i) on the third (3rd) Business Day after posting if mailed as provided; (ii) when delivered personally (including delivery by private courier services) unless such day is not a Business Day, in which case such delivery will be deemed to be made as of the next succeeding Business Day; or (iii) if sent by facsimile, when receipt is evidenced by written confirmation generated by the recipient's facsimile machine showing successful transmission.

12.7.3 Either Party or the Provider may from time to time specify a different address by notice to the other Party and, if applicable, the Provider.

- 12.8 Terminology. All personal pronouns used in this Support Agreement, whether masculine, feminine or neuter, shall include all other genders, and the singular shall include the plural and vice versa whenever the context requires.
- 12.9 Entire Agreement. This Support Agreement, including the Schedules and Annex hereto, contains the entire agreement between the Parties with respect to the matters it purports to cover. This Support Agreement supersedes any prior understanding or oral or written agreement between the Parties respecting the subject matter of this Support Agreement.
- 12.10 Severability. If any one or more of the provisions contained in this Support Agreement, or the application thereof to any Party or to circumstances that may arise hereunder, shall for any reason be held to be invalid, illegal or unenforceable in any respect, the remainder of this Support Agreement and the application of such provision(s) to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by Applicable Law.
- 12.11 Other Instruments. The Parties covenant and agree that they will execute such other and further instruments and documents as are or may become reasonably necessary or convenient to effectuate and carry out the purposes of this Support Agreement.
- 12.12 Amendments. This Support Agreement may only be amended or modified by a written instrument signed by all Parties.
- 12.13 Waivers. No waiver of this Support Agreement, or any part hereof, shall be binding unless made in writing and signed by the Party to be charged with such waiver. No waiver of any breach or condition of this Support Agreement shall be deemed to be a waiver of any subsequent breach or other condition whether of like or different nature.
- 12.14 Counterparts. This Support Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the

same instrument. An executed counterpart may be delivered by facsimile or electronic mail and, when so delivered, shall be legally enforceable in accordance with its terms.

- 12.15 Costs. Each Party shall be responsible for its own costs incurred in connection with the negotiation of this Support Agreement.
- 12.16 Waiver of Right to Jury Trial. TO THE FULLEST EXTENT PERMITTED BY LAW, AND AS SEPARATELY BARGAINED-FOR CONSIDERATION, EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATING TO THE SERVICES OR THIS SUPPORT AGREEMENT.
- 12.17 Survival. Any provision specifically designated in this Support Agreement to survive the termination hereof and (unless otherwise expressly provided) any other provision which, by its nature, necessarily may become performable by a Party after termination of this Support Agreement shall survive the expiration of earlier termination of this Support Agreement.
- 12.18 Dispute Resolution. In the event of any failure of Owner and Transource to reach agreement on any material matter hereunder, a senior executive officer of Owner and a senior executive officer of a member of Transource that is not a Corporate Affiliate of Owner shall meet to attempt to resolve any such dispute in good faith. If agreement cannot be reached between such officers within fifteen (15) days (or such longer period as may be agreed between such officers), the Parties shall be free to pursue any other remedy available at law or in equity.

*The next page is the signature page*

IN WITNESS WHEREOF, the Parties have executed this Support Agreement as of the Effective Date.

TRANSOURCE ENERGY, LLC

By: 

Name: Antonio P. Smith  
Title: President

KCP&L GREATER MISSOURI OPERATIONS  
COMPANY

By: 

Name: Michael Deggendorf  
Title: Senior Vice President

## SCHEDULE 1.1 DEFINITIONS

“Applicable Law” means: (i) any statute, law, ordinance, executive order, rule or regulation; (ii) any guideline or notice having force of law, including any applicable requirements of NERC or a regional transmission organization or similar planning authority; or (iii) any approval, permit, code, standard of conduct, regulatory code of conduct, license, franchise, judgment, order, decree, injunction, or writ of any Governmental Authority applicable to a specified Person or specified property, in each case as in effect from time to time.

“Approved Budget” has the meaning set forth in Section 2.6.1.

“Business Day” means any working day in the United States other than a Saturday, Sunday or a day on which banks located in New York, New York are authorized or required by Applicable Law to close.

“Claim” has the meaning set forth in Section 10.1.

“Confidential Information” means trade secret or confidential information that is provided by a Disclosing Party to a Recipient pursuant to this Support Agreement or any other agreement, including any of the following kinds of information if confidential: business information, operational information, customer information, technology information, risk management information, personnel, benefits and human resource information, information systems information, intellectual property information, legal information, supplier or vendor information and plans, information concerning sources or terms of financing or credit, supply chain information and processes, tax information, financial information, market analysis information, technical information, process information, product information, service information, pricing information, formulae, formulations, technical and product specifications, equipment descriptions, plans, layouts, drawings and computer programs, assembly, quality control, installation and operating procedures, operating and/or maintenance manuals, instructions and other user documentation, technical and marketing information, designs and data; provided, that Confidential Information shall include the terms and conditions of this Support Agreement; and provided further, that Confidential Information shall not include, and all obligations regarding Confidential Information shall not apply to, information that the Recipient can prove:

- (a) was already known by (as established by dated documentation) the Recipient at the time of receipt of the information by the Recipient from the Disclosing Party;
- (b) is or becomes available to the industry without confidentiality restrictions (e.g., in technical literature, databases or the like that are available with or without subscription) or is in, or subsequently enters, the public domain other than as a result of a disclosure by the Recipient in breach of this Support Agreement;
- (c) was received by the Recipient from a third party if such third party was not, or the Recipient reasonably believed such third party was not, subject to any confidentiality obligation to the Disclosing Party or disclosing

information that the third party knew at the time of such disclosure was obtained from the Disclosing Party by improper means;

- (d) was independently developed by a Person without access to information provided by the Disclosing Party;
- (e) was or is furnished by the Disclosing Party to a third party without confidentiality restrictions; or
- (f) is approved for release by written authorization of the Disclosing Party.

“Contract” means any legally binding contract, agreement, arrangement, bond, instrument, note, mortgage, license or other instrument of any kind.

“Corporate Affiliate” of a specified Person means any other Person (other than a natural person) that directly or indirectly controls, is controlled by or is under common control with the Person specified. For purposes of this definition, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by Contract or otherwise); provided, that in any event any Person that owns directly or indirectly securities having at least fifty percent (50%) of the voting power for the election of directors or other members of the governing body of a corporation or at least fifty percent (50%) of the partnership or other ownership interests (that carry voting power) of any other Person will be deemed to control such corporation or other Person.

“Default Rate” means the prime rate in effect from time to time as published by The Wall Street Journal (and generally defined therein as the base rate on corporate loans posted by at least seventy-five percent (75%) of the nation’s thirty (30) largest banks) plus five percent (5%) or, if less, the maximum annual interest rate permitted by Applicable Law.

“Defaulting Party” has the meaning set forth in Section 8.1.

“Disclosing Party” means Owner, Transource, the Provider, any subsidiary of Transource or any Corporate Affiliate of Owner or the Provider that discloses Confidential Information to a Recipient.

“Effective Date” has the meaning set forth in the preamble hereto.

“Emergency” has the meaning set forth in Section 11.3.

“Event of Default” has the meaning set forth in Section 8.1.

“Force Majeure” means any circumstance or cause reasonably beyond a Party’s control, which could not reasonably be prevented, avoided or removed with the exercise of reasonable diligence of the affected Party, and which causes such Party (or in the case of performance by Transource, the Provider) to be delayed in the performance of, or unable to perform, its obligations under this Support Agreement. Such causes may include, to the extent they meet the foregoing criteria: condemnation, expropriation, invasion, plague, drought, landslide, hurricane, flood, lightning,



tornado, storm, earthquake, fire, explosion, epidemic, quarantine, war (declared or undeclared), terrorism or other armed conflict, material physical damage to Owner's property caused by third parties, inability to gain access to real property as necessary to perform Services (except to the extent that the failure to gain access is the result of the acts or omissions of the affected Party or its Corporate Affiliates), riot or similar civil disturbance or commotion, other act of God, act of the public enemy, blockade, insurrection, sabotage or vandalism, embargo, change in Applicable Law as described in Section 10.2, an act of any Governmental Authority, regional transmission organization or similar planning authority and labor strikes, work stoppages or other labor unrest.

"Good Industry Practice" means the practices, methods and acts engaged in or approved by a significant portion of electric transmission project developers and owners in the United States during the relevant time period, or any of the practices, methods and acts that, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, would have been expected by a significant portion of such Persons to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition; provided, that Good Industry Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is intended to include generally accepted practices, methods or acts.

"Governmental Authority" means: (i) any federal, state, foreign, tribal, local or municipal governmental body; and (ii) any governmental, regulatory or administrative agency, commission, body, instrumentality or other authority exercising or entitled to exercise executive, judicial, legislative, administrative, regulatory or taxing authority or power, including any court or other tribunal.

"Insurance Plan" has the meaning set forth in Section 9.1.

"NERC" means the North American Electric Reliability Corporation.

"Non-Defaulting Party" means, with respect to an Event of Default, the Party that is not the Defaulting Party.

"Operating Agreement" has the meaning set forth in the recitals hereto.

"Owner" has the meaning set forth in the preamble hereto.

"Party" and "Parties" have the meanings set forth in the preamble hereto.

"Person" means an individual, trust, estate, corporation, partnership, joint venture, limited liability company, business trust, unincorporated association or Governmental Authority.

"Provider" has the meaning set forth in the recitals hereto.

"Recipient" means Owner, Transource, the Provider, any subsidiary of Transource or any Corporate Affiliate of Owner or the Provider or any of their respect managers, directors, officers, employees or agents, in each case, that receive Confidential Information.

“Services” means any of the services specified in the Services Agreement that the Provider agrees to perform for the benefit of Owner pursuant to Section 2.1.1 of this Support Agreement.

“Services Agreement” has the meaning set forth in the recitals hereto.

“Sibley Project” means the electric transmission project described on Schedule 13.2 of the Operating Agreement, including all assets (including real and personal property), rights, approvals, consents, authorizations and Contracts associated with the development of such project.

“Support Agreement” has the meaning set forth in the preamble hereto.

“Term” has the meaning set forth in Section 4.1.

“Transource” has the meaning set forth in the preamble hereto.

“Transource Indemnified Person” has the meaning set forth in Section 10.1.

**SCHEDULE 9  
INSURANCE PLAN**

**I. OWNER INSURANCE**

Workers' Compensation/Employers' Liability Insurance.

Owner shall maintain Workers' Compensation Insurance or qualified self-insurance to the extent required by Applicable Law.

Owner shall maintain Employers Liability Insurance in an amount not less than \$500,000 each accident, \$500,000 disease policy limit and \$500,000 disease each employee.

Automobile Liability Insurance.

To the extent Owner has exposure that would require the maintenance of such coverage, Owner shall maintain Automobile Liability Insurance in respect of all mechanically propelled vehicles used in any circumstances such as to be liable for compulsory motor insurance in accordance with Applicable Law, and shall provide coverage for all owned, non-owned and hired vehicles.

Commercial General Liability Insurance.

Owner shall maintain Commercial General Liability Insurance (or equivalent) for its legal liability arising out of its operations. Such insurance shall include coverage for bodily injury, property damage or personal injury. Such insurance shall include, subject to policy terms and conditions, contractual liability encompassing the indemnity provisions of the Support Agreement, products/completed operations and independent contractors coverage.

Excess or Umbrella Liability Insurance.

Owner shall maintain Excess or Umbrella Liability Insurance with coverage with a limit no less than \$25,000,000 in combination with the insurance coverages described above. The required limit may be in any combination of primary and excess or umbrella coverage, so long as the total amount of insurance is no less than \$25,000,000.

Aircraft Liability Insurance.

If aircraft are used in connection with Owner's operations, Owner shall maintain Aircraft Liability Insurance in respect of any aircraft owned, non-owned, hired or chartered for use, if any. The limit of liability for such Aircraft Liability Insurance shall be no less than \$10,000,000 per occurrence. Owner shall provide that the Excess or Umbrella Liability Insurance shall be excess of such Aircraft Liability Insurance in the event such insurance is required.

### Property Insurance.

Owner shall be responsible for providing operational property insurance with respect to Owner's facilities and other real property as determined by Owner, and in no event shall Transource be required to provide operational property insurance with respect to Owner's facilities or other real property. Owner shall cause each of its Property insurers to waive all rights of recovery or subrogation against Transource for damage to Owner's property.

## II. GENERAL

### Evidence of Insurance.

Evidence of insurance required pursuant to this Schedule 9 in the form of certificates of insurance shall be furnished by Owner upon request of Transource; and for those insurance coverages whereby Transource is required to be included as an additional insured, Owner shall at any time requested by Transource, deliver to Transource copies of the applicable terms and conditions of any of the insurance policies so requested if a loss should arise that may give rise to a potential claim against Transource.

### Insurance Coverages.

Neither Party makes any representation to the other Party that the insurance coverages specified herein, whether in scope or amounts, are adequate. Owner shall be solely responsible for any deficiencies thereof. Nothing in this Schedule 9 shall be deemed to limit Owner's liability under the Support Agreement.

### Subcontractor's Insurance; Scope of Coverage.

Owner shall require appropriate liability insurance (automobile liability, commercial general liability and excess or umbrella liability) and workers' compensation/employers' liability insurance of subcontractors (but not including any subcontractor that is a Corporate Affiliate) who perform services at the Sibley Project as shall be reasonable and in accordance with Good Industry Practice in relation to the work or other items being provided by each such subcontractor. Upon Transource's reasonable request, Owner shall require its subcontractors (but not including any subcontractor that is a Corporate Affiliate) performing work at the Sibley Project site to provide evidence of the insurance maintained by such subcontractor.

### Other.

With respect to Workers' Compensation/Employer's Liability Insurance and Auto Liability Insurance, Owner shall cause the applicable insurer, where permitted by Applicable Law, to waive for the benefit of Transource all rights of recovery and subrogation against Transource, its Corporate Affiliates and their respective directors, officers, agents and employees.

With respect to Commercial General Liability Insurance and Excess or Umbrella Liability Insurance, Owner shall cause the applicable insurer to waive any right of recovery which it may

have or acquire against Transource, its Corporate Affiliates and their respective directors, officers, agents and employees. Owner's Commercial General Liability policy shall provide for a severability of interest clause and a cross liability clause.

Notwithstanding anything to the contrary contained in this Schedule 9 or otherwise in the Support Agreement, it is intended for Owner's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance to be primary and non-contributory to any of Transource's insurance coverage for liability for bodily injury, property damage or personal injury arising out of the assets or operations of Owner. Transource and Transource's officers, directors, employees and agents shall be included as insureds or additional insureds, as appropriate, on Owner's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance policies for its/their liability arising out of the operations or assets of Owner. This paragraph shall not apply to liability arising out of Transource's owned, non-owned or hired vehicles (automobile liability insurance).

In the event any insurance described herein (including the limits or deductibles thereof) is not available on commercially reasonable terms in the commercial insurance market, Owner shall not be required to obtain or maintain such coverage, but shall maintain any such insurance up to the level, if any, at which such insurance can be obtained and maintained on commercially reasonable terms in the commercial insurance market.

All insurance required to be maintained shall be placed with financially sound and reputable insurers having an A. M. Best rating of A-VII (or equivalent rating from another recognized rating agency) or better.

Owner shall provide or cause to be provided to Transource ten (10) days notice in the event of cancellation of any insurance required to be maintained due to non-payment of premium and thirty (30) days notice in the event of cancellation for any other reason.

**SCHEDULE 12.7  
ADDRESSES FOR NOTICES**

If to Transource: Transource Energy, LLC  
1 Riverside Plaza  
Columbus, Ohio 43215  
Attn: President  
Fax: (614) 552-1628  
Email: apsmyth@aep.com

with a copy to: American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, Ohio 43215  
Attn: Office of the General Counsel  
Fax: (614) 716-2014  
Email: rgryan@aep.com

If to Owner: KCP&L Greater Missouri Operations Company  
1200 Main Street  
Kansas City, MO 14105  
Attn: Senior Vice President – Delivery  
Fax: (816) 556-2924  
Email: Michael.Deggendorf@kcpl.com

with a copy to: Great Plains Energy Incorporated  
1200 Main Street  
Kansas City, MO 04105  
Attn: Assistant Secretary and Corporate Counsel –  
Securities and Finance  
Fax: (816) 654-1970  
Email: Leah.Huddleston@kcpl.com

If to the Provider: American Electric Power Service Corporation  
700 Morrison Road  
Gahanna, Ohio 43230  
Attn: Manager, Transmission Business Services  
Fax: (614) 552-2602  
Email: amvogel@aep.com

with a copy to: American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, Ohio 43215  
Attn: Office of the General Counsel  
Fax: (614) 716-2014  
Email: rgryan@aep.com

**ANNEX 1**  
**SERVICES AGREEMENT**

**SERVICES AGREEMENT**

**BY AND BETWEEN**

**TRANSOURCE ENERGY, LLC**

**AND**

**AMERICAN ELECTRIC POWER SERVICE CORPORATION**

**April 3, 2012**



## TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS; RULES OF CONSTRUCTION .....	1
1.1 <u>Definitions</u> .....	1
1.2 <u>Rules of Construction</u> .....	1
ARTICLE 2 SERVICES.....	2
2.1 <u>Services Upon Company Request</u> .....	2
2.2 <u>Standards for Provider Performance</u> .....	2
2.3 <u>Control of Work</u> .....	3
2.4 <u>Instructions to the Provider</u> .....	3
2.5 <u>Personnel; Subcontractors</u> .....	3
2.6 <u>Budgets</u> .....	4
2.7 <u>Status Reports; Documentation</u> .....	4
2.8 <u>Authority</u> .....	5
2.9 <u>Services for Subsidiaries and SPP Project Companies</u> .....	5
ARTICLE 3 COMPANY OBLIGATIONS.....	5
3.1 <u>Standards for Company Performance</u> .....	5
3.2 <u>Cooperation</u> .....	6
3.3 <u>Access</u> .....	6
3.4 <u>Authorizations</u> .....	6
ARTICLE 4 INTELLECTUAL PROPERTY .....	6
4.1 <u>Ownership of Work Product</u> .....	6
4.2 <u>Intellectual Property Rights</u> .....	6
4.3 <u>Intellectual Property Indemnification</u> .....	7
4.4 <u>Survival</u> .....	8
ARTICLE 5 TERM .....	8
5.1 <u>Term</u> .....	8
ARTICLE 6 COMPENSATION .....	8
6.1 <u>Charges for Services</u> .....	8
6.2 <u>Invoicing</u> .....	8
6.3 <u>Sales and Use Taxes</u> .....	8
6.4 <u>Payment</u> .....	8
6.5 <u>Right to Review Information</u> .....	9
ARTICLE 7 WARRANTIES .....	9
7.1 <u>Scope of Warranties</u> .....	9
7.2 <u>Exclusive Warranties and Remedy</u> .....	9
ARTICLE 8 DEFAULT AND TERMINATION.....	10
8.1 <u>Events of Default</u> .....	10
8.2 <u>Termination for Cause</u> .....	10
8.3 <u>Termination by Mutual Agreement</u> .....	10
8.4 <u>Termination if Provider is not a Corporate Affiliate</u> .....	10
8.5 <u>Fines and Penalties</u> .....	11
8.6 <u>Limitations on Liability</u> .....	11
8.7 <u>Exclusive Remedies</u> .....	11
8.8 <u>Obligations Upon Termination</u> .....	11

ARTICLE 9 INSURANCE PLAN .....	12
ARTICLE 10 INDEMNIFICATION .....	13
10.1 <u>Indemnification of Third Party Claims</u> .....	13
10.2 <u>Indemnification Procedures</u> .....	13
10.3 <u>Subrogation</u> .....	14
10.4 <u>Survival</u> .....	14
ARTICLE 11 EXCUSED PERFORMANCE .....	14
11.1 <u>Force Majeure</u> .....	14
11.2 <u>Change in Law</u> .....	15
11.3 <u>Emergencies</u> .....	15
ARTICLE 12 GENERAL PROVISIONS .....	15
12.1 <u>Confidentiality Agreement</u> .....	15
12.2 <u>Interest on Overdue Amounts</u> .....	15
12.3 <u>Assignment</u> .....	15
12.4 <u>Setoff</u> .....	16
12.5 <u>Applicable Law</u> .....	16
12.6 <u>Binding Agreement; No Third Party Beneficiaries</u> .....	16
12.7 <u>Notices</u> .....	16
12.8 <u>Terminology</u> .....	16
12.9 <u>Entire Agreement</u> .....	16
12.10 <u>Severability</u> .....	17
12.11 <u>Other Instruments</u> .....	17
12.12 <u>Amendments</u> .....	17
12.13 <u>Waivers</u> .....	17
12.14 <u>Counterparts</u> .....	17
12.15 <u>Costs</u> .....	17
12.16 <u>WAIVER OF RIGHT TO JURY TRIAL</u> .....	17
12.17 <u>Survival</u> .....	17
12.18 <u>Dispute Resolution</u> .....	17

SCHEDULES

Schedule 1.1	Definitions
Schedule 2.1	Services
Schedule 9	Insurance Plan
Schedule 12.7	Addresses for Notices

## SERVICES AGREEMENT

This Services Agreement (the “Services Agreement”), dated as of April 3, 2012 (the “Effective Date”), is entered into by and between TRANSOURCE ENERGY, LLC, a limited liability company organized under the laws of the State of Delaware (the “Company”), and AMERICAN ELECTRIC POWER SERVICE CORPORATION, a corporation organized under the laws of the State of New York (the “Provider”). Each of the Company and the Provider are sometimes referred to herein, individually, as a “Party” and, collectively, as the “Parties.”

### RECITALS

WHEREAS, AEP Transmission Holding Company, LLC and GPE Transmission Holding Company, LLC have established the Company to pursue, develop, construct, own and operate certain electric transmission projects pursuant to the Operating Agreement of the Company dated April 3, 2012 (as such agreement may be amended, supplemented or otherwise modified from time to time, the “Operating Agreement”); and

WHEREAS, the Company intends to pursue such activities through various subsidiary utility companies (each, a “Subsidiary” and, collectively, the “Subsidiaries”) and the Company is willing to provide certain support services to such Subsidiaries in connection with such activities; and

WHEREAS, the Company is also willing to provide certain support services to Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company (each, an “SPP Project Company” and, collectively, the “SPP Project Companies”) in connection with their respective development efforts in connection with two (2) electric transmission projects that are expected to be transferred to the Company or a Subsidiary; and

WHEREAS, the Company desires that the Provider provide certain services to support the Company and the activities of the Subsidiaries and the SPP Project Companies; and

WHEREAS, the Provider is willing to provide such services to the Company, the Subsidiaries and the SPP Project Companies.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### ARTICLE 1 DEFINITIONS; RULES OF CONSTRUCTION

- 1.1 Definitions. As used in this Services Agreement, terms defined in Schedule 1.1 have the meanings set forth therein.
- 1.2 Rules of Construction. The following provisions shall be applied wherever appropriate herein:
  - (a) “herein,” “hereby,” “hereunder,” “hereof,” “hereto” and other equivalent words shall refer to this Services Agreement in its entirety and not solely

to the particular portion of this Services Agreement in which any such word is used;

- (b) “include,” “includes” and “including” are terms of illustration and not of limitation and shall be deemed in all instances to be followed by the phrase “without limitation”;
- (c) all definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural;
- (d) neither this Services Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsman hereof or thereof;
- (e) the Section headings appearing in this Services Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or extent of such Section, or in any way affect this Services Agreement;
- (f) any references herein to a particular Section, Article or Schedule means a Section or Article of, or a Schedule to, this Services Agreement unless another agreement or document is specified; and
- (g) the Schedules attached hereto are incorporated herein by reference and shall be considered part of this Services Agreement.

## **ARTICLE 2 SERVICES**

### **2.1 Services Upon Company Request.**

2.1.1 Upon the written direction of the Company, the Provider shall perform any or all of the services identified on Schedule 2.1.

2.1.2 The Company may, by written notice, direct that any Services be suspended, modified, terminated or resumed, at any time and from time to time; provided, that the Company shall be responsible for all charges for demobilization and remobilization activities and costs reasonably incurred by the Provider as a result of any such suspension, modification, termination or resumption.

### **2.2 Standards for Provider Performance.** The Provider shall provide the Services in a good and workmanlike manner and in conformity with Good Industry Practice and Applicable Law. The Provider shall not proceed with any act under this Services Agreement unless and until necessary regulatory approvals, if any, for such act have been obtained. With respect to any Services related to obtaining any Third Party Approvals, the Provider does not represent, warrant or guarantee that any such Third Party Approval can or will be obtained.

2.3 Control of Work. In performing the Services, the Provider shall act and shall be deemed for all purposes to be an independent contractor. The Provider shall be solely responsible for and have control over the means, methods, techniques, scheduling, sequences and procedures used in the performance of the Services.

2.4 Instructions to the Provider. The Provider may request instructions (or clarification of directives) from the Company prior to taking action with respect to any matter relating to the Services and the Provider may, to the extent reasonably necessary or appropriate, defer such action pending the receipt of such instructions or clarification. The Company shall not unreasonably withhold or delay any instruction or clarification to the Provider that is necessary or desirable to enable the Provider to timely and properly perform the Services.

2.5 Personnel; Subcontractors.

2.5.1 The Provider shall be solely responsible for the supervision, direction and control of all the Provider's personnel engaged in the performance of Services. Such personnel shall be employees or independent contractors of the Provider and not of the Company. The Provider shall be responsible for the payment of all compensation, benefits and employment taxes with respect to the services of its personnel. The Provider may remove, reassign or take any other employment-related action in regard to any of its personnel.

2.5.2 Without limiting the obligations of the Provider hereunder, the Provider may retain the services of other Persons (each, a "Subcontractor"), including Corporate Affiliates of the Provider, to perform all or any part of the Services, and may also enter into subcontracts with such Persons in order to perform all or any part of the Services; provided, that:

- (a) any such subcontract(s) reasonably expected to cost (singly or in the aggregate with all subcontracts with the same Subcontractor and its Corporate Affiliates and including any termination liability) more than \$500,000 in a calendar year shall be subject to the prior written approval of the Company; provided, that this Section 2.5.2(a) shall not restrict the Provider's right to execute subcontracts to the extent reasonably necessary to avoid or mitigate the effects of an Emergency so long as the Provider notifies the Company of any such subcontract as soon as reasonably practicable;
- (b) the Provider shall use commercially reasonable efforts to obtain from all Subcontractors terms and conditions (including representations, warranties, guarantees, insurance and indemnities) that are substantially equivalent to the terms and conditions obtained by the Provider and its Corporate Affiliates in comparable contracts with subcontractors;
- (c) the Provider shall use commercially reasonable efforts to cause its Subcontractors to cause their respective insurers to designate the Company

and the Subsidiaries as additional named insureds under the Subcontractors' insurance policies; and

- (d) the Provider shall act diligently and in good faith (taking into account the Company's interests) to enforce the Provider's rights under all such subcontracts, including any indemnities in such subcontracts, and shall keep the Company reasonably apprised of the status of any such enforcement activities.

## 2.6 Budgets.

2.6.1 Annually, by no later than September 30, the Provider shall submit to the Company a proposed budget setting forth the costs and expenses the Provider reasonably anticipates charging to the Company for Services and Administrative Charges for the next subsequent calendar year. Each such proposed budget shall be accompanied by reasonably detailed supporting materials showing assumptions and calculations incorporated therein and shall include: (i) an estimate of all costs anticipated to be incurred by the Provider during such calendar year; (ii) a schedule showing when such costs are expected to be incurred; and (iii) a three (3)-year forecast of the costs and expenses the Provider anticipates for Services and Administrative Charges. Each such proposed budget shall be subject to the approval of the Company (each proposed budget, once approved, an "Approved Budget").

2.6.2 In the event of a suspension, modification, resumption or termination of any Services that will materially impact an Approved Budget or if the Provider anticipates that its total costs and expenses for Services and Administrative Charges will exceed one hundred ten percent (110%) of the then-current Approved Budget, the Provider shall timely provide to the Company a proposed amended budget reflecting its then-current assessment of costs and expenses to be incurred for Services and Administrative Charges for the remaining term of the then-current Approved Budget. Any proposed amendment to an Approved Budget shall include the information described in Section 2.6.1 and shall be subject to the approval of the Company.

2.6.3 Notwithstanding any other provision of this Services Agreement, the Company shall pay to the Provider in accordance with Article 6 all charges for Services provided by the Provider to the Company and all Administrative Charges, including any such charges in excess of the amounts for such Services or Administrative Charges set forth in the then-current Approved Budget.

- 2.7 Status Reports; Documentation. The Provider shall provide the Company with a reasonably detailed written report on the status of the Services and the charges for Services and Administrative Charges no less frequently than once every two (2) months. Such reports shall be reasonably acceptable to the Company as to form and content and shall, subject to applicable confidentiality restrictions, be accompanied by reasonable back-up documentation.

2.8 Authority.

2.8.1 In addition to any Services it shall be obligated to perform, the Provider shall have authority to provide personnel (including the personnel of its Corporate Affiliates but excluding personnel of any Subcontractor) to perform or conduct administrative and/or ministerial duties or functions for or on behalf of the Company and the Subsidiaries, including providing personnel to serve as managers, directors, officers, administrators and representatives of the Company and its Subsidiaries.

2.8.2 Notwithstanding any other provision of this Services Agreement and without affecting any other limitations on the Provider's rights or duties hereunder, unless otherwise approved in writing by the Company or authorized pursuant to a written power of attorney granted by the Company to the Provider, the Provider has no authority to: (i) sell, lease, pledge, mortgage, encumber, convey, license, exchange or make any other transfer or disposition of any property of the Company, including any items or assets whose purchase is managed by the Provider; (ii) make, enter into, execute, amend, waive any rights under or modify or supplement any contract or agreement (including the Operating Agreement and this Services Agreement) on behalf of, binding upon or in the name of the Company; (iii) settle, compromise, assign, pledge, transfer, release or consent to the same of any claim, suit, debt, demand or judgment against or due by the Company, or submit any such claim, dispute or controversy to arbitration or judicial process or stipulate to a judgment, or consent to do the same; (iv) agree to any penalty payable by the Company for violation of any Applicable Law; (v) make any representation or warranty on behalf of the Company; (vi) pledge the credit of the Company; or (vii) cause the conveyance, modification, sale or other disposition of any portion of a project.

2.9 Services for Subsidiaries and SPP Project Companies. At the Company's request, the Provider shall perform Services for the benefit of Subsidiaries and/or SPP Project Companies. In such cases the Provider shall act at the direction of such Persons with respect to the applicable Service(s) unless and until otherwise instructed in writing by the Company. To the extent the Company requests the Provider to perform any Services directly to a Subsidiary or SPP Project Company, then such Person shall be deemed to be an express third party beneficiary of this Services Agreement and shall be entitled to enforce any rights, terms or conditions of this Services Agreement with respect to such Services.

**ARTICLE 3  
COMPANY OBLIGATIONS**

3.1 Standards for Company Performance. The Company shall carry out all of its activities relating to the Services in conformity with Good Industry Practice and Applicable Law. The Company shall not proceed with any act under this Services Agreement unless and until any necessary regulatory approval for such act has been obtained.

- 3.2 Cooperation. The Company shall cooperate (and cause its Subsidiaries to cooperate) with the Provider and Subcontractors so as to minimize delays, errors, inconsistencies, changes and unnecessary costs in the performance of the Services.
- 3.3 Access. The Company shall provide (and cause its Subsidiaries to provide) the Provider and Subcontractors with access to the Company's (and its Subsidiaries') sites and facilities in order for the Provider to perform the Services.
- 3.4 Authorizations. From time to time, the Company shall execute and deliver, as reasonably requested by the Provider, any authorizations reasonably necessary to facilitate the Provider's performance of the Services.

#### **ARTICLE 4 INTELLECTUAL PROPERTY**

- 4.1 Ownership of Work Product. Upon delivery, and unless otherwise limited by third party interests, the Company shall be the owner of the delivered copies of all drawings, plans, specifications, budgets, schedules, reports and other documents and materials prepared or provided by the Provider in connection with the performance of the Services ("Work Product").

- 4.2 Intellectual Property Rights.

4.2.1 The Provider hereby grants to the Company, and in connection with Services to be provided to any Subsidiary or an SPP Project Company, to any such Subsidiary and SPP Project Company, an irrevocable, perpetual, non-transferable (except in connection with an assignment permitted pursuant to Section 4.2.6), non-exclusive, world-wide, royalty-free, internal use license to copy, use and display the Provider's Proprietary Property and that of its Corporate Affiliates that is incorporated into the Work Product or otherwise provided to the Company, any such Subsidiary or any such SPP Project Company for the purpose for which such Proprietary Property was provided pursuant to this Services Agreement.

4.2.2 The Provider's Proprietary Property and that of its Corporate Affiliates is and shall remain the sole and exclusive property of the Provider and/or its Corporate Affiliates, as applicable. Other than the license granted pursuant to Section 4.2.1, the Company shall have no right, claim or interest of any type, by virtue of this Services Agreement or otherwise, in or to: (i) the Provider's Proprietary Property or that of its Corporate Affiliates; or (ii) any other Intellectual Property Rights of the Provider or its Corporate Affiliates. The Company hereby irrevocably waives and releases any right, claim or interest therein or thereto. The Company shall not reverse engineer, decompile, disassemble or otherwise attempt to reproduce the Provider's Proprietary Property or that of its Corporate Affiliates in any manner.

4.2.3 Subject to the license granted pursuant to Section 4.2.1, all Intellectual Property Rights that the Company may hereafter acquire, discover, invent, originate, make, develop or conceive, in whole or in part, through its use of the Provider's Proprietary Property or that of its Corporate Affiliates shall be the sole, exclusive and unencumbered



property of the Provider or its Corporate Affiliates, as applicable, and shall be deemed a part of the Intellectual Property of the Provider or its Corporate Affiliates, as applicable. The Company shall execute and deliver, or cause to be executed and delivered, such agreements, instruments and documents (including one or more memoranda of license suitable for recording in the U.S. Patent and Trademark Office) and shall take such other actions as may be reasonably requested by the Provider for the purpose of effectuating, evidencing, implementing and facilitating the Provider's rights and those of its Corporate Affiliates as set forth in this Section 4.2.3.

4.2.4 In the event that the Company uses any of such Proprietary Property for any purpose other than as permitted pursuant to Section 4.2.1, without limiting its other remedies, the Provider or its Corporate Affiliates shall have exclusive ownership rights in and to any proceeds, assets or intellectual property resulting from or related to such prohibited activity.

4.2.5 All of the Provider's Proprietary Property and that of its Corporate Affiliates shall be deemed to be Confidential Information subject to Section 20 of the Operating Agreement.

4.2.6 Should the Company, a Subsidiary or an SPP Project Company transfer title in a project to a third party (and upon any subsequent transfer of such project), unless otherwise agreed by the Parties, the license provided in Section 4.2.1 shall automatically transfer with such project; provided, that any such transferee, for itself and its successors and assigns, agrees in writing to be bound by the prohibitions and restrictions of this Article 4.

#### 4.3 Intellectual Property Indemnification.

4.3.1 The Provider represents and warrants that to its knowledge, without investigation, the Company's, a Subsidiary's or an SPP Project Company's exercise of its rights under the license set forth in Section 4.2.1 will not infringe any United States Intellectual Property Rights of any Person. Subject to the limitations set forth in Section 8.6 and the procedures set forth in Article 10, the Provider shall indemnify, defend and hold harmless each Company Indemnified Person from and against any and all Claims arising out of any breach of the foregoing representation and warranty.

4.3.2 If the Company promptly notifies the Provider of any claim of infringement for which the Provider's indemnification obligation pursuant to Section 4.3.1 applies, the Provider shall, at its own expense and option, exercise commercially reasonable efforts to: (i) procure for the Company the right to continue its exercise of its rights under the license set forth in Section 4.2.1; (ii) modify the Company asset so that such exercise of license rights becomes non-infringing, provided such modification shall not diminish or adversely alter in any material respect the features or functionality of any of the Company's assets or the Services; or (iii) replace the infringing asset with materials, equipment, facilities or services that are not so infringing, provided such replacement shall not diminish or adversely alter in any material respect the features or functionality of any of the Company's assets or the Services.

4.3.3 The Company shall indemnify, defend and hold harmless each Provider Indemnified Person from and against any and all Claims arising out of the Company's use of any of the Provider's Proprietary Property or that of its Corporate Affiliates in any manner other than as expressly permitted hereunder.

4.4 Survival. This Article 4 shall survive the termination of this Services Agreement.

## ARTICLE 5 TERM

5.1 Term. The term of this Services Agreement (the "Term") shall commence on the Effective Date and, unless earlier terminated in accordance with Article 8, shall remain in effect until the date a certificate of cancellation of the Company is filed with the Secretary of State of the State of Delaware.

## ARTICLE 6 COMPENSATION

6.1 Charges for Services. Charges for the Services and Administrative Charges shall be determined on the same cost basis as such charges are determined from time to time for equivalent services that the Provider provides to its utility Corporate Affiliates and shall include allocations for overhead (including employee benefits, payroll taxes and charges for the use of infrastructure) and reimbursement of all out-of-pocket costs and expenses (including employee meals, hotels and travel, third party insurance costs and legal and other consulting fees), but shall exclude any markup for profit.

6.2 Invoicing. On or before the fifteen (15<sup>th</sup>) day of each calendar month, the Provider shall submit an invoice for all Services performed and Administrative Charges incurred during the preceding calendar month. Each such invoice shall include an itemization of charges for Services based on the different categories of Service performed and a description of the basis of Administrative Charges incurred. Any monthly invoice may include billings to adjust or correct billings from prior periods. No less frequently than quarterly, the Provider shall provide reasonable supporting documentation to support previously invoiced charges, including hours charged for different job classifications and reconciliations against the Approved Budget.

6.3 Sales and Use Taxes. In addition to the amounts payable pursuant to Section 6.1, the Company shall pay the Provider any state or local sales or use tax or any other similar charge owed in connection with the Services and Administrative Charges (other than any such taxes or charges based on the earnings, income or net worth of the Provider). The Provider shall take reasonable actions to minimize the amount of such sales and use taxes payable hereunder.

6.4 Payment. Within thirty (30) days after the Provider submits an invoice to the Company in accordance with Section 6.2, the Company shall pay the Provider the amount of such invoice. If the Company in good faith disputes any portion of an invoice, the Company shall pay the amount invoiced and provide a written explanation of the basis for the dispute. If any amount is later determined or agreed not to have been owed by the

Company, such amount (together with interest at the Default Rate from the date of payment until the date of reimbursement) shall either be credited against the next invoice submitted by the Provider or refunded by the Provider to the Company within thirty (30) days after the resolution of the dispute. All disputes regarding invoiced amounts shall be resolved in accordance with Section 12.18.

- 6.5 Right to Review Information. The Provider shall maintain accurate documentation, records, books of account, time records, invoices, contracts, mileage records and other evidence reasonably pertinent to performance of the Services and the basis of the Administrative Charges in conformity with GAAP, Good Industry Practice and Applicable Law for a period of five (5) years after the date such Services were performed or such Administrative Charges were incurred (or such longer period as may be required by Applicable Law or necessary to support filings for third party approvals). Such information shall include documentation and information of the basis for all invoiced charges. Upon reasonable advance notice and at reasonable times, the Company shall have access to, and may examine, inspect, excerpt, audit, copy or transcribe any pertinent records to the extent relating to and reasonably necessary to confirm the Provider's performance under this Services Agreement. The Company's rights pursuant to this Section 6.5 shall be conducted in a manner that does not unreasonably interfere with the Provider's business operations. This Section 6.5 shall survive the termination of this Services Agreement.

## **ARTICLE 7 WARRANTIES**

- 7.1 Scope of Warranties. THE PROVIDER WARRANTS TO THE COMPANY THAT: (I) THE SERVICES PERFORMED DIRECTLY BY THE PROVIDER SHALL BE PERFORMED IN A GOOD AND WORKMANLIKE MANNER AND IN ACCORDANCE WITH GOOD INDUSTRY PRACTICE AND SHALL BE FREE FROM MATERIAL DEFECTS IN WORKMANSHIP OR MATERIALS; AND (II) THE SERVICES PERFORMED BY A SUBCONTRACTOR SHALL BE MANAGED BY THE PROVIDER IN ACCORDANCE WITH GOOD INDUSTRY PRACTICE.
- 7.2 Exclusive Warranties and Remedy. THE WARRANTIES CONTAINED IN THIS ARTICLE 7 ARE EXCLUSIVE, AND ARE GIVEN AND ACCEPTED IN LIEU OF ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. UPON ANY BREACH OF A WARRANTY IN THIS ARTICLE 7, THE PROVIDER'S SOLE LIABILITY AND RESPONSIBILITY AND THE COMPANY'S SOLE REMEDY SHALL BE THE REPERFORMANCE OF THE SERVICES IN ACCORDANCE WITH THIS SERVICES AGREEMENT; PROVIDED, THAT IF THE DEFECT WAS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PROVIDER, THE PROVIDER SHALL RE-PERFORM THE SERVICES AT ITS SOLE COST AND EXPENSE.

**ARTICLE 8**  
**DEFAULT AND TERMINATION**

- 8.1 Events of Default. Each of the following shall constitute an event of default (an “Event of Default”) with respect to a Party (such Party, the “Defaulting Party”):
- (a) such Party files a voluntary petition for bankruptcy or is adjudged bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceeding;
  - (b) such Party fails to pay any amount due to the other Party under this Services Agreement on or before the payment date therefor and does not cure such failure within ten (10) days after its receipt of written notice of such failure; or
  - (c) such Party breaches in any material respect any of its other obligations under this Services Agreement and fails to cure such breach within: (i) thirty (30) days of receipt of written notice of such breach from the other Party; or (ii) such longer period as may be reasonably necessary to cure such breach (not to exceed ninety (90) days) if the breach is not reasonably susceptible of cure within such thirty (30) day period and such Party diligently pursues the cure of such breach within such additional time period.
- 8.2 Termination for Cause.
- 8.2.1 Upon an Event of Default described in Sections 8.1(b) or 8.1(c), the Non-Defaulting Party may terminate this Services Agreement by providing written notice of such termination to the Defaulting Party; provided that no such Event of Default on the part of the Company caused by or resulting from the acts or omissions of a Corporate Affiliate of the Provider that is a member of the Company (a “Member”) shall constitute a basis for a termination of this Services Agreement.
- 8.2.2 This Services Agreement shall automatically terminate upon: (i) an Event of Default by a Party described in Section 8.1(a); or (ii) the termination of the Operating Agreement or the liquidation of the Company for any reason.
- 8.3 Termination by Mutual Agreement. The Parties may terminate this Services Agreement by mutual written agreement at any time.
- 8.4 Termination if Provider is not a Corporate Affiliate. Either Party may, upon thirty (30) days written notice, terminate this Services Agreement if neither the Provider nor any of its Corporate Affiliates is a Member; provided, that with respect to such a termination by the Provider, a Person with expertise and resources to provide the Services then being provided by the Provider has offered, or has entered into an agreement, to provide such Services on terms substantially similar to those contained in this Services Agreement.

8.5 Fines and Penalties. The Provider may charge the Company for any monetary fine or penalty assessed against the Provider by any Governmental Authority to the extent arising from the Provider's performance of the Services, unless such fine or penalty results from the Provider's gross negligence, willful misconduct or actual fraud, in which case the Provider shall be responsible for such fine or penalty. The Company may not charge the Provider for any monetary fine or penalty assessed against the Company arising from the Provider's performance of the Services unless the monetary fine or penalty is caused by the Provider's gross negligence, willful misconduct or fraud, in which case the Provider shall be responsible for such fine or penalty.

8.6 Limitations on Liability.

8.6.1 A Defaulting Party shall not be liable for damages as a result of an Event of Default unless such Event of Default is due to its gross negligence or willful misconduct.

8.6.2 EXCEPT FOR CLAIMS BASED ON ACTUAL FRAUD, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING DAMAGES FOR LOSS OF USE OF EQUIPMENT, LOST BUSINESS OPPORTUNITIES OR PROFITS OR DAMAGE TO REPUTATION), EVEN IF THE DEFAULTING PARTY WAS AWARE OF THE POSSIBILITY OF SUCH DAMAGES, AND REGARDLESS OF THE THEORY OF LIABILITY UNDER WHICH SUCH DAMAGES ARE SOUGHT; PROVIDED, THAT THE FOREGOING EXCLUSION SHALL NOT BE CONSTRUED TO LIMIT RECOVERY UNDER ANY INDEMNITY PURSUANT TO ARTICLE 10 FOR THIRD PARTY CLAIMS.

8.6.3 The Provider's aggregate liability under or related to this Services Agreement (other than any liability based on actual fraud or any indemnification liability) shall not exceed the total amount paid to the Provider pursuant to this Services Agreement for the category of Services to which the applicable breach relates.

8.7 Exclusive Remedies. Except for the remedies otherwise expressly provided herein or as otherwise agreed in writing between the Parties and except for recoveries for actual fraud, the remedies set forth in this Article 8 are the exclusive legal and equitable remedy for any claim or controversy arising under or in connection with this Services Agreement or the Services, whether sounding in contract, negligence, intentional misconduct, other tort, breach of warranty, deceptive trade practice, other statutory cause of action, strict liability, product liability or other theory of liability.

8.8 Obligations Upon Termination.

8.8.1 Upon termination of this Services Agreement for any reason, the Provider shall: (i) promptly discontinue performance of the Services; (ii) terminate any subcontracts executed by the Provider related to the Services unless the Provider, the Company and the Subcontractor enter into novations thereof; (iii) upon request by the Company, deliver to the Company all documents (including design documents in process) in the Provider's possession related to the Services; (iv) reasonably cooperate with the Company in

connection with the transition of the Services to a New Provider or potential New Provider; and (v) not be authorized to incur or charge the Company for any Administrative Charges.

8.8.2 Upon termination of this Services Agreement for any reason: (i) each Party shall pay the other Party any amounts due as of the date of such termination in accordance with the terms of this Services Agreement; and (ii) the Company shall pay the Provider for any costs and expenses incurred under any subcontracts executed by the Provider as a result of any such termination.

8.8.3 All documents required to be delivered pursuant to Section 8.8.1 shall be delivered free and clear of any liens, security interests or encumbrances, except such as may be created by the Company.

8.8.4 Except as provided herein, no action taken by the Company or the Provider after the termination of this Services Agreement shall prejudice any other rights or remedies of the Company or the Provider provided by Applicable Law, this Services Agreement or otherwise upon such termination.

8.8.5 If the Company requests that the Provider continue to provide Services after the termination of this Services Agreement, the Provider shall: (i) perform such Services for a period of up to six (6) months after termination of this Services Agreement; and (ii) reasonably assist the Company to facilitate the orderly transfer of the Services to the Company and/or to enable another party (a "New Provider") chosen by the Company to take over the provision of all or part of the Services. The Company shall pay the Provider in accordance with Section 6.1 for any Services performed pursuant to this Section 8.8.5.

## **ARTICLE 9 INSURANCE PLAN**

The Parties shall procure and maintain (or cause to be procured and maintained) insurance of the types, in the amounts and with the deductibles/retentions and waivers specified on Schedule 9 (the "Insurance Plan"). If a Party fails to carry the insurance required to be provided by it pursuant to the Insurance Plan, then the other Party on not less than ten (10) days' prior written notice may procure such insurance and shall be entitled to reimbursement therefor from the other Party on written demand. Each Party may self-insure all or any portion of the coverage required pursuant to the Insurance Plan during any period in which such Party: (a) maintains a net worth of no less than \$100,000,000; or (b) is covered by a program of self-insurance maintained by a Corporate Affiliate of such Party and either: (i) such Corporate Affiliate maintains a net worth of no less than \$100,000,000; or (ii) the obligations and liabilities of such Corporate Affiliate are guaranteed or supported by a Corporate Affiliate having a net worth of no less than \$100,000,000. Any such self-insurance shall not be deemed to transfer or alter the allocation of risks set forth in this Services Agreement.

## ARTICLE 10 INDEMNIFICATION

### 10.1 Indemnification of Third Party Claims.

10.1.1 The Company shall indemnify, defend and hold harmless the Provider, its Corporate Affiliates and its and their respective officers, directors, members, shareholders, employees, agents and representatives (each a “Provider Indemnified Person”) from and against any third-party claim, demand, action, suit, damage, liability, loss, cost or expense (including reasonable attorneys’ fees and out-of-pocket disbursements), judgment, fine, settlement or other amount (a “Claim”) incurred by any Provider Indemnified Person to the extent arising out of this Services Agreement or the activities of the Parties hereunder and resulting from or attributable to any act, omission, event or circumstance other than the gross negligence or willful misconduct of any Provider Indemnified Person.

10.1.2 The Provider shall indemnify, defend and hold harmless the Company, its members (other than the Provider or any of its Corporate Affiliates), their Corporate Affiliates and each of their respective officers, directors, members, shareholders, employees, agents and representatives (each a “Company Indemnified Person”) from and against any third-party Claim incurred by any Company Indemnified Person to the extent resulting from the gross negligence or willful misconduct of the Provider.

10.1.3 Sections 10.1.1 and 10.1.2 are subject to the limitations on liability in Section 8.6.2.

### 10.2 Indemnification Procedures.

10.2.1 If a Party (an “Indemnifying Party”) is obligated hereunder to indemnify, defend and hold harmless an Indemnified Person hereunder, such Indemnified Person shall give notice as promptly as is reasonably practicable to the Indemnifying Party of the Claim giving rise to such indemnification obligation; provided, that a delay by an Indemnified Person in delivering such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent (if any) that the Indemnifying Party shall have been materially prejudiced thereby. Provided that it first unconditionally acknowledges in writing its indemnification obligations hereunder, such Indemnifying Party shall have the right to control the defense and settlement of such Claim with counsel reasonably acceptable to it; provided, that the Indemnified Person may retain counsel at its expense to assist in the defense and settlement of such Claim. Without the prior written consent of the Indemnified Person, which consent shall not be unreasonably withheld, delayed or conditioned, the Indemnifying Party shall not enter into any settlement of any Claim which would lead to liability or create any financial or other obligation on the part of the Indemnified Person. If a firm offer is made to settle a Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Person and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to the Indemnified Person to that effect. If the Indemnified Person fails to consent to such offer within twenty (20) days after its receipt of such

notice, the Indemnifying Party shall be relieved of its obligations to defend such Claim and the Indemnified Person may contest or defend such Claim. In such event, the maximum liability of the Indemnifying Party with respect to such Claim shall be the amount of such settlement offer plus reasonable costs and expenses paid or incurred by the Indemnified Person up to the date of such notice.

10.2.2 If an Indemnifying Party fails to assume the defense of a Claim for which an Indemnified Person seeks indemnification hereunder, the Indemnified Person shall have the right to control the defense and settlement of such Claim with counsel reasonably acceptable to it, at the sole cost and expense of the Indemnifying Party.

10.3 Subrogation. In the event that an Indemnifying Party pays all or any portion of a Claim, the Indemnifying Party shall be subrogated to any and all defenses, claims or other matters which the Indemnified Person asserted or could have asserted against the Person making such Claim, and all related cross-claims that the Indemnified Person asserted or could have asserted against other Persons. The Indemnified Person shall execute and deliver to the Indemnifying Party (at the Indemnifying Party's expense) such documents as may be reasonably necessary to establish, by way of subrogation, the ability of the Indemnifying Party to assert such defenses, claims, cross-claims or other matters.

10.4 Survival. This Article 10 shall survive the termination of this Services Agreement.

## ARTICLE 11 EXCUSED PERFORMANCE

11.1 Force Majeure. Neither Party shall be responsible for any delay or failure to perform hereunder (other than any obligation to pay money) if such delay or failure to perform is attributable to an event of Force Majeure; provided, that:

- (a) the excused Party oversees such interruption in accordance with Good Industry Practice to the extent practicable;
- (b) the excused Party, within ten (10) days after the occurrence of the Force Majeure event, gives the other Party written notice describing the particulars of the occurrence;
- (c) the suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure event;
- (d) the excused Party uses its reasonable efforts to remedy its inability to perform (provided, however, that no Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest, it being understood that the settlement of strikes, walkouts, lockouts or other labor disputes shall be at the sole discretion of the Party involved); and



- (e) when the excused Party is able to resume performance of its obligations under this Services Agreement, that Party shall give the other Party written notice to that effect.
- 11.2 Change in Law. In the event a Party is unable to perform any obligation hereunder due to any change in any Applicable Law, the Parties shall attempt in good faith to amend this Services Agreement as necessary to permit such Party to comply with the change in Applicable Law while preserving the purpose and value of this Services Agreement (including tax and accounting treatment of the Parties) for both Parties. If the Parties are unable to reach agreement on such an amendment, the Party affected by the change in Applicable Law shall be excused from the performance of that obligation to the extent so affected.
- 11.3 Emergencies. Notwithstanding any other provision of this Services Agreement, if the Provider believes in good faith that a condition or circumstance that threatens imminent harm to persons, property or the environment exists or has occurred or that the performance of any of the Services would (in the reasonable judgment of the Provider) create an unreasonable safety risk to persons, property or the environment, or would violate the Provider's safety policies or procedures (each of the foregoing, an "Emergency"), the Provider may discontinue performance until such time as the Services can be performed safely and in conformity with such policies and procedures. Additionally, if prompt action within the scope of any Services is required to avoid or mitigate losses from an Emergency, the Provider shall take such reasonable actions, or cause such actions to be taken, in the Provider's reasonable judgment, to the extent required to avoid or mitigate the Emergency. The Provider shall promptly notify the Company of the Emergency, and the remedial and preventive actions taken and the costs incurred or reasonably expected to be incurred. Unless the Emergency is the direct result of gross negligence or willful misconduct of the Provider's officers, directors, agents or personnel (acting within the course and scope of their employment by the Provider), the costs incurred for actions taken pursuant to this Section 11.3 and the costs incurred as the result of any necessary delay shall be paid or reimbursed by the Company in accordance with Article 7.

## ARTICLE 12 GENERAL PROVISIONS

- 12.1 Confidentiality Agreement. Each Party agrees that the provisions of Section 20 of the Operating Agreement shall apply to all Confidential Information disclosed or made available by a Party to the other Party pursuant to this Services Agreement.
- 12.2 Interest on Overdue Amounts. Any amount due to a Party under this Services Agreement shall accrue interest daily from the deadline for payment thereof until paid at the Default Rate.
- 12.3 Assignment. Neither Party may assign this Services Agreement or any of its rights hereunder or delegate any of its duties hereunder to any Person without the prior written consent of the other Party. Notwithstanding the foregoing, the Provider may assign this

Services Agreement to any of its Corporate Affiliates without the Company's consent if the proposed assignee has the expertise, resources and capability to perform the Services and agrees in writing to be bound by the terms of this Services Agreement. The Provider shall be relieved of and released from its obligations under this Services Agreement from and after any such assignment.

- 12.4 Setoff. A Party may offset any amounts it owes to the other Party pursuant to this Services Agreement by any amount such other Party owes to it pursuant to this Services Agreement.
- 12.5 Applicable Law. This Services Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Delaware, without regard to its conflict of laws principles.
- 12.6 Binding Agreement; No Third Party Beneficiaries. This Services Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns. Nothing in this Services Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations or liabilities under or by reason of this Services Agreement, except as expressly provided herein.
- 12.7 Notices.
- 12.7.1 All notices, demands, requests or communications which are required or authorized by this Services Agreement are to be in writing and delivered via personal delivery, mailed by registered or certified mail (return receipt requested) postage prepaid, sent prepaid by overnight air courier or facsimile to the addresses designated for each Party on Schedule 12.7, as such Schedule may be modified from time to time.
- 12.7.2 All such notices, demands, requests or communications shall be deemed to have been given and duly received: (i) on the third (3rd) Business Day after posting if mailed as provided; (ii) when delivered personally (including delivery by private courier services) unless such day is not a Business Day, in which case such delivery will be deemed to be made as of the next succeeding Business Day; or (iii) if sent by facsimile, when receipt is evidenced by written confirmation generated by the recipient's facsimile machine showing successful transmission.
- 12.7.3 Either Party may from time to time specify a different address by notice to the other Party.
- 12.8 Terminology. All personal pronouns used in this Services Agreement, whether masculine, feminine or neuter, shall include all other genders, and the singular shall include the plural and vice versa whenever the context requires.
- 12.9 Entire Agreement. This Services Agreement, including the Schedules, contains the entire agreement between the Parties with respect to the matters it purports to cover. This Services Agreement supersedes any prior understanding or oral or written agreement between the Parties respecting the subject matter of this Services Agreement.

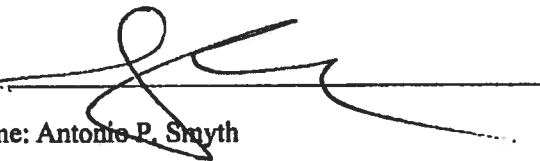
- 12.10 Severability. If any one or more of the provisions contained in this Services Agreement, or the application thereof to any Party or to circumstances that may arise hereunder, shall for any reason be held to be invalid, illegal or unenforceable in any respect, the remainder of this Services Agreement and the application of such provision(s) to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by Applicable Law.
- 12.11 Other Instruments. The Parties covenant and agree that they will execute such other and further instruments and documents as are or may become reasonably necessary or convenient to effectuate and carry out the purposes of this Services Agreement.
- 12.12 Amendments. This Services Agreement may only be amended or modified by a written instrument signed by all Parties.
- 12.13 Waivers. No waiver of this Services Agreement, or any part hereof, shall be binding unless made in writing and signed by the Party to be charged with such waiver. No waiver of any breach or condition of this Services Agreement shall be deemed to be a waiver of any subsequent breach or other condition whether of like or different nature.
- 12.14 Counterparts. This Services Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. An executed counterpart may be delivered by facsimile or electronic mail and, when so delivered, shall be legally enforceable in accordance with its terms.
- 12.15 Costs. Each Party shall be responsible for its own costs incurred in connection with the negotiation of this Services Agreement.
- 12.16 WAIVER OF RIGHT TO JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, AND AS SEPARATELY BARGAINED-FOR CONSIDERATION, EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATING TO THE SERVICES OR THIS SERVICES AGREEMENT.
- 12.17 Survival. Any provision specifically designated in this Services Agreement to survive the termination hereof and (unless otherwise expressly provided) any other provision which, by its nature, necessarily may become performable by a Party after termination of this Services Agreement shall survive the expiration of earlier termination of this Services Agreement.
- 12.18 Dispute Resolution. In the event of any failure of the Provider and the Company to reach agreement on any material matter hereunder, a senior executive officer of the Provider and a senior executive officer of a Member that is not a Corporate Affiliate of the Provider shall meet to attempt to resolve any such dispute in good faith. If agreement cannot be reached between such officers within fifteen (15) days (or such longer period as may be agreed between such officers), the Parties shall be free to pursue any other remedy available at law or in equity.

*The next page is the signature page*

IN WITNESS WHEREOF, the Parties have executed this Services Agreement as of the date first set forth above.

**COMPANY**

TRANSOURCE ENERGY, LLC

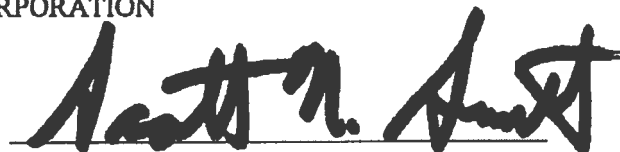
By: 

Name: Antonio P. Smyth

Title: President

**PROVIDER**

AMERICAN ELECTRIC POWER SERVICE  
CORPORATION

By: 

Name: Scott N. Smith

Title: Senior Vice President

*Signature Page to AEPSC Services Agreement*

## SCHEDULE 1.1 DEFINITIONS

“Administrative Charges” means the costs and expenses of any personnel of the Provider or any of its Corporate Affiliates who perform or conduct the duties or functions described in Section 2.8.1, which charges shall be determined in accordance with Section 6.1.

“Applicable Law” means: (i) any statute, law, ordinance, executive order, rule or regulation; (ii) any guideline or notice having force of law, including any applicable requirements of NERC or a regional transmission organization or similar planning authority; or (iii) any approval, permit, code, standard of conduct, regulatory code of conduct, license, franchise, judgment, order, decree, injunction, or writ of any Governmental Authority applicable to a specified Person or specified property, in each case as in effect from time to time.

“Approved Budget” has the meaning set forth in Section 2.6.1.

“Business Day” means any working day in the United States other than a Saturday, Sunday or a day on which banks located in New York, New York are authorized or required by Applicable Law to close.

“Claim” has the meaning set forth in Section 10.1.1.

“Company” has the meaning set forth in the preamble hereto.

“Company Project” means any electric transmission project approved by the Company in accordance with and pursuant to the Operating Agreement.

“Company Indemnified Person” has the meaning set forth in Section 10.1.2.

“Confidential Information” has the meaning set forth in the Operating Agreement.

“Contract” means any legally binding contract, agreement, arrangement, bond, instrument, note, mortgage, license or other instrument of any kind.

“Corporate Affiliate” of a specified Person means any other Person (other than a natural person) that directly or indirectly controls, is controlled by or is under common control with the Person specified. For purposes of this definition, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by Contract or otherwise); provided, that, in any event, any Person that owns directly or indirectly securities having at least fifty percent (50%) of the voting power for the election of directors or other members of the governing body of a corporation or at least fifty percent (50%) of the partnership or other ownership interests (that carry voting power) of any other Person will be deemed to control such corporation or other Person.

“Default Rate” means the prime rate in effect from time to time as published by The Wall Street Journal (and generally defined therein as the base rate on corporate loans posted by at least

seventy-five percent (75%) of the nation's thirty (30) largest banks) plus five percent (5%) or, if less, the maximum annual interest rate permitted by Applicable Law.

“Defaulting Party” has the meaning set forth in Section 8.1.

“Effective Date” has the meaning set forth in the preamble hereto.

“Emergency” has the meaning set forth in Section 11.3.

“Environmental Laws” means all federal, state or local laws, foreign law, treaty or international agreement and all licenses, permits, authorizations, approvals, consents, judicial or administrative orders, judgments, decrees, directives, injunctions, requirements or agreements of or with any Governmental Authority, in each case relating to: (i) pollution, protection, restoration or preservation of public health and the environment; (ii) human health or safety; or (iii) exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release, threatened release or disposal of, Hazardous Materials, including the Federal Water Pollution Control Act (33 U.S.C. §§ 1251 et seq.), the Resources Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.), the Safe Drinking Water Act (42 U.S.C. §§ 3000(f) et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), the Clean Water Act (33 U.S.C. §§ 1311 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. §§ 11001 et seq.), the Occupational Safety and Health Act of 1970 (29 U.S.C. §§ 651 et seq.), the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. §§ 1201 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §§ 136 et seq.) and the Oil Pollution Act (33 U.S.C. §§ 2701 et seq.) and any similar state law.

“Event of Default” has the meaning set forth in Section 8.1.

“FERC” means the Federal Energy Regulatory Commission.

“Force Majeure” means any circumstance or cause reasonably beyond a Party's control, which could not reasonably be prevented, avoided or removed with the exercise of reasonable diligence of the affected Party, and which causes such Party to be delayed in the performance of, or unable to perform, its obligations under this Services Agreement. Such causes may include, to the extent they meet the foregoing criteria, condemnation, expropriation, invasion, plague, drought, landslide, hurricane, flood, lightning, tornado, storm, earthquake, fire, explosion, epidemic, quarantine, war (declared or undeclared), terrorism or other armed conflict, material physical damage to the Company's property caused by third parties, inability to gain access to real property as necessary to perform Services (except to the extent that the failure to gain access is the result of the acts or omissions of the affected Party or its Corporate Affiliates), riot or similar civil disturbance or commotion, other act of God, act of the public enemy, blockade, insurrection, sabotage or vandalism, embargo, change in Applicable Law as described in Section 11.2, an act of any Governmental Authority, regional transmission organization or similar planning authority and labor strikes, work stoppages or other labor unrest.

“Good Industry Practice” means the practices, methods and acts engaged in or approved by a significant portion of electric transmission project developers and owners in the United States during the relevant time period, or any of the practices, methods and acts that, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, would have been expected by a significant portion of such Persons to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition; provided, however, that Good Industry Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is intended to include generally accepted practices, methods or acts.

“Governmental Authority” means: (i) any federal, state, foreign, tribal, local or municipal governmental body; and (ii) any governmental, regulatory or administrative agency, commission, body, instrumentality or other authority exercising or entitled to exercise executive, judicial, legislative, administrative, regulatory or taxing authority or power, including any court or other tribunal.

“Indemnified Person” means a Company Indemnified Person or a Provider Indemnified Person.

“Indemnifying Party” has the meaning set forth in Section 10.2.1.

“Intellectual Property Rights” means any or all of the following: (i) all United States, international and foreign patent rights, patents and applications therefor and all reissues, divisions, extensions, provisionals, continuations and continuations-in-part thereof; (ii) all copyrights, copyright and mask work registrations and applications therefor and all other rights corresponding thereto throughout the world; (iii) all trade secret rights throughout the world; (iv) all rights under agreements relating to any of the foregoing; and (v) any similar or equivalent rights anywhere in the world.

“Insurance Plan” has the meaning set forth in Article 9.

“Member” has the meaning set forth in Section 8.2.1.

“NERC” means the North American Electric Reliability Corporation.

“New Provider” has the meaning given to it in Section 8.8.5.

“Non-Defaulting Party” means, with respect to an Event of Default, the Party that is not the Defaulting Party.

“Operating Agreement” has the meaning set forth in the recitals hereto.

“Party” and “Parties” have the meanings set forth in the preamble hereto.

“Person” means an individual, trust, estate, corporation, partnership, joint venture, limited liability company, business trust, unincorporated association or Governmental Authority.

“Proprietary Property” means, to the extent not in the public domain, any: (i) discoveries, inventions (whether patentable or not), invention disclosures, improvements (whether patentable

or not), formulae, formulations and know-how; (ii) technical and product specifications, equipment descriptions, plans, layouts, drawings, computer programs, assemblies, quality control procedures, installation procedures, operating procedures, operating and/or maintenance manuals, instructions and other user documentation, technical and marketing information, designs, data and/or other similar items; (iii) other trade secrets, copyrightable material or proprietary information; and (iv) all documentation of any of the foregoing.

“Provider” has the meaning set forth in the preamble hereto.

“Provider Indemnified Person” has the meaning set forth in Section 10.1.1.

“SEC” means the U.S. Securities and Exchange Commission.

“Services” means, with respect to any period of time, all of the services described in Schedule 2.1 that the Company has requested the Provider to perform for such period pursuant to this Services Agreement.

“Services Agreement” has the meaning set forth in the preamble hereto.

“Services Agreements” means this Services Agreement and the Services Agreement of even date herewith by and between the Company and Kansas City Power & Light Company.

“SPP Project Company” and “SPP Project Companies” have the meanings set forth in the recitals hereto.

“SPP Project Support Agreements” means: (i) the Support Agreement by and between Kansas City Power & Light Company, as the “Owner” and the Company; and (ii) the Support Agreement by and between KCP&L Greater Missouri Operations Company, as the “Owner” and the Company.

“SPP Projects” means the two (2) electric transmission projects under development by the SPP Project Companies as of the Effective Date that are expected to be transferred to the Company or a Subsidiary in accordance with the terms of the Operating Agreement.

“Subcontractor” has the meaning set forth in Section 2.5.2.

“Subsidiary” and “Subsidiaries” have the meanings set forth in the recitals hereto.

“Term” has the meaning set forth in Section 5.1.

“Work Product” has the meaning set forth in Section 4.1.



## SCHEDULE 2.1 SERVICES

### BUSINESS SERVICES

1. Providing personnel as may be reasonably necessary to manage, administer and oversee the Company's and the Subsidiaries' affairs and activities, including pursuing, studying and evaluating opportunities to develop or acquire Company Projects.
2. Administering, in the name and on behalf of the Company and each of its Subsidiaries, billing for services and collection of amounts due to the Company and each of its Subsidiaries.
3. Establishing, in the name and on behalf of the Company and each of its Subsidiaries as the representative of the Company and each of its Subsidiaries, one or more bank accounts and other collection, cash management and disbursement facilities as the Company deems appropriate (with the Provider's personnel having appropriate signature authority) and using such facilities to collect sums due to the Company and its Subsidiaries from any source and, subject to the terms of this Services Agreement and this Schedule, administering the payment of all sums owed by the Company or any Subsidiary. The Provider shall not commingle the Company's or any Subsidiary's funds with the funds of any other Person, including the Provider. The Provider's obligations to disburse funds shall not obligate it to make any disbursement unless the Company or a Subsidiary, as applicable, has funds sufficient therefor and such funds are available for disbursement.
4. Preparing and delivering to the Company, at times and with frequencies determined by the Company (but no less frequently than annually), a budget (the "Consolidated Budget") setting forth in reasonable detail all costs and expenses anticipated to be incurred or accrued by the Company in connection with the operation of the Company and its Subsidiaries during each calendar year, including the costs and expenses to be incurred or accrued by the Company pursuant to each budget delivered to the Company pursuant to the Services Agreements. Each Consolidated Budget shall be in a form reasonably satisfactory to the Company and shall include: (i) costs anticipated to be incurred, and revenues anticipated to be received, by the Company and each of its Subsidiaries, including pursuant to the Services Agreements; (ii) construction costs anticipated to be incurred by the Company and each of its Subsidiaries during such calendar year; (iii) an estimate of the operating and maintenance costs of the Company and each of its Subsidiaries for such calendar year, including appropriate contingency reserves; (iv) an estimate of the capital costs of the Company and each of its Subsidiaries during such calendar year; (v) a schedule of funds required to operate and maintain the Company and each of its Subsidiaries for such calendar year and the assets of the Company and such Subsidiaries, including a schedule of anticipated capital requirements for such calendar year; and (vi) a three-year forecast of the construction, operating and maintenance and capital costs of the Company and each of its Subsidiaries. The Provider shall, from time to time, revise the Consolidated Budget as reasonably necessary or as requested by the Company.
5. Preparing and delivering to the Company at times and with frequencies determined by the Company (but no less frequently than annually), a report (the "Consolidated Cost Report")

SCHEDULE 2.1-1

setting forth in reasonable detail all costs and expenses actually incurred or accrued by the Company and each of its Subsidiaries.

6. Managing the Company's and, to the extent applicable, each of its Subsidiaries', internal accounting, internal and external auditing, control (including providing reasonable assistance to facilitate the compliance by each Member with the Sarbanes-Oxley Act) and treasury functions.

7. Engaging and directing, in the name and on behalf of the Company, accountants, consultants and experts as appropriate.

8. Designing and administering a system of controls for the activities, obligations and expenditures of the Company and its Subsidiaries.

9. Managing the investment of the Company's and, to the extent applicable, each of its Subsidiaries' funds so as to provide adequate liquidity for the Company's and each of its Subsidiaries' operations, protect against investment losses and earn investment returns commensurate with such requirements of liquidity and safety. The Provider shall not commingle the Company's investments with the investments of any other Person, including the Provider.

10. Preparing and delivering to the Company the following financial information:

- a. on a monthly basis, preliminary trial balances and consolidating financials for the immediately preceding calendar month subtotaled in a format consistent with the financial statements delivered pursuant to paragraph (b)(i) below;
- b. on a monthly basis:
  - i. statements of operations, statements of financial position and statements of cash flows for the immediately preceding calendar month consistent with the reporting requirements of the SEC;
  - ii. detailed trial balances for the immediately preceding calendar month utilizing FERC accounts summarized in a manner so as to tie directly into the lines on the financial statements delivered pursuant to clause (i) above;
  - iii. analyses of fluctuations in major financial statement caption lines for the immediately preceding calendar month which compare those lines to the information for the prior period (prepared on a year-to-date and quarter-to-date basis); and
  - iv. work papers supporting the determination of the statements of cash flows for the immediately preceding calendar month; and
- c. any other financial information reasonably requested by the Company in connection with the Company's, or any Member's, consolidated financial reports and analyses.

#### SCHEDULE 2.1-2

11. Supporting the Company and the Members in documenting the controls over financial reporting associated with the Company and its businesses.
12. Preparing and filing FERC Form 1's and FERC Form 3Q's on behalf of the Company and each of its Subsidiaries.
13. Managing the Company's and each of its Subsidiaries' internal and external legal services.
14. Maintaining documents and records of the Company and each of its Subsidiaries.
15. The Parties shall cooperate and support orderly transitions of the accounting function related to commencement and termination of Business Services.

### **TAX COMPLIANCE SERVICES**

1. Managing the Company's and each of its Subsidiaries' tax compliance function, including preparing (or causing to be prepared) and submitting to the Company for approval, signing and filing, all local, state and federal tax returns (including information returns, reports, estimates and other similar information filed with a taxing authority).
2. Assisting the Company and each of its Subsidiaries in connection with any audits, investigations or other inquiries by a taxing authority.
3. Preparing and providing to the Company any information concerning the Company necessary for the preparation of any Member's income tax return(s).

### **RISK MANAGEMENT SERVICES**

1. Recommending to the Company a risk management plan, including an insurance portfolio for the Company's and each of its Subsidiaries' properties and operations and other elements of the Company's and each of its Subsidiaries' risk (including liquidity, cash flow and credit risk) for the Company's approval.
2. Reviewing the Company's risk management plan on an annual basis (or more frequently if requested by the Company) and, to the extent applicable, recommending suggested modifications.
3. Administering the implementation and maintenance of the insurance portfolio and risk management plan approved by the Company from time to time.
4. Managing any claims made by or against the Company, including managing the settlement of claims under the Company's and each of its Subsidiaries' insurance portfolio. The

### **SCHEDULE 2.1-3**

Provider shall not make any ultimate agreement on settlement without the prior approval of the Company.

## **SITING AND LAND ACQUISITION SERVICES**

1. Analyzing and making recommendations to the Company with respect to the siting of the Company Projects (including conducting all necessary studies, public workshops and other public communication activities with respect to such siting). The Provider's recommendations shall be based on the applicable requirements of regional transmission organizations and similar planning authorities, local land use and zoning considerations and geology and geography.
2. With respect to any real property interest on which the Company Projects are, or are expected, to be situated: (i) conducting appropriate environmental due diligence; (ii) obtaining appropriate rights to enter such real property interest for inspection and surveying; (iii) obtaining appropriate title work; (iv) managing the acquisition of such real property interest on behalf of the Company and each of its Subsidiaries; and (v) procuring (or managing, overseeing and prosecuting, in the name and on behalf of the Company and each of its Subsidiaries, the procurement of) any Third Party Approvals required to use or access such real property interest.
3. With respect to any real property interest on which the Company Projects are, or are expected, to be situated, documenting such real property interest by files and maps, in accordance with formats reasonably acceptable to the Company and providing surveys as needed to obtain such real property interest.
4. With respect to any real property interest on which the Company Projects are, or are expected, to be situated, identifying landowners and required crossing locations and managing communications with such landowners so as to obtain required permissions.
5. With respect to any real property interest on which the Company Projects are, or are expected, to be situated, negotiating, on a case by case basis, the terms for the acquisition of each parcel of such real property interest, including all monetary payments associated therewith; provided, that the Provider shall not enter into any agreement or bind the Company or any of its Subsidiaries in respect of such real property interest without the Company's or such Subsidiaries' express written consent. The Provider provides no guarantee that any such real property interest can be obtained, nor does it guarantee that the transmission line routes that the Company selects will ultimately receive necessary Third Party Approvals.
6. Providing the Company with a written plan (the "Right-of-Way Acquisition Plan") for the acquisition of all real property interests on which the Company Projects are, or are expected, to be situated, which plan shall include: (i) a schedule for the acquisition of real property interests, including identification of real property interests and locations thereof, that will need to be acquired; (ii) the timing of optioning and acquiring such real property interests; and (iii) guidelines and procedures to be utilized by the Provider in negotiating the acquisition of such real property interests. The Provider shall amend or update the Right-of-Way Acquisition Plan as reasonably necessary. The Provider shall diligently proceed to implement the Right-of-Way Acquisition Plan.

### SCHEDULE 2.1-4

7. Providing the Company and each of its Subsidiaries with a written summary and instructions for reasonable access (and any applicable restrictions) to the real property interests on which the Company Projects are, or are expected, to be situated to facilitate the Engineering and Design Services and the Construction Services.

8. All real property interests shall be acquired, and any options with respect thereto shall be executed, in the name of the Company or a Subsidiary pursuant to forms of agreement(s) approved by the Company. Any amounts owed to landowners in respect of the acquisition of real property interests shall be paid directly by the Company or a Subsidiary.

9. The Siting and Land Acquisition Services shall not include initiating or managing litigation to condemn real property interests; provided, that the Provider shall cooperate with, and provide support to, the Company and each of its Subsidiaries and their respective legal counsel with respect to any such litigation, including providing evidence and testimony regarding valuation, prior negotiations and other matters related to the condemnation.

## **REGULATORY SERVICES**

1. Drafting, preparing, filing, monitoring and prosecuting all applications and other documentation in an effort to obtain Third Party Approvals (including such Third Party Approvals pursuant to Environmental Laws and federal and state energy regulatory laws) necessary for the Company and each of its Subsidiaries to develop, construct, own, operate, maintain, repair and replace the Company Projects.

2. Engaging and directing outside legal counsel as appropriate in connection with the foregoing activities.

## **PROCUREMENT SERVICES**

1. Managing procurement activities, including: (i) identifying qualified vendors and equipment and material suppliers; (ii) conducting requests for information; (iii) conducting requests for quotations; (iv) conducting negotiations; (v) recommending awards of contracts; (vi) preparing prudency reviews; and (vii) developing vendor and equipment and material supply contracts.

2. Managing equipment and material delivery to the job site for the Company Projects including: (i) providing equipment and material expediting services; (ii) coordinating equipment and material delivery; and (iii) coordinating storage requirements with service providers providing Construction Services.

3. Preparing and submitting to the Company and each of its Subsidiaries for its approval bid packages for all contracts, purchase orders, bills of sale or other agreements to be entered into by the Company and/or any of its Subsidiaries, on the one hand, and any other Person other than the Provider or any Affiliate of the Provider, on the other hand, in connection with any service to be

provided to or for the Company or any of its Subsidiaries or any materials or equipment to be purchased by the Company or any such Subsidiaries (“Direct Contracts”) necessary in connection with the development, construction, ownership, operation, maintenance, repair or replacement of the Company Projects.

4. Negotiating Direct Contracts on behalf of the Company and its Subsidiaries, subject to direction and advice from the Company and/or such Subsidiaries, as applicable.
5. Managing and administering, and performing inventory control and other contract management services with respect to, Direct Contracts.
6. Processing and prosecuting, on behalf and in the name of the Company and its Subsidiaries, any warranty or other claims with respect to Direct Contracts.
7. On an annual basis, submitting to the Company a budget setting forth the costs and expenses anticipated to be incurred or accrued with respect to Direct Contracts. The Provider shall submit to the Company updates to such budget from time to time as necessary to reflect material changes thereto.
8. The Provider shall perform the Procurement Services in compliance with any procurement policies and procedures adopted by the Company and each of its Subsidiaries.

#### **ENGINEERING AND DESIGN SERVICES**

1. Engineering and designing the Company Projects, including: (i) specifying materials and equipment to be incorporated therein; (ii) developing conceptual designs and detailed designs; (iii) preparing construction drawings and as-built drawings; (iv) preparing design calculations; (v) performing engineering design services related to the real property on which the Company Projects are to be situated (including preparing surveys, environmental analyses and reports, soils and subsurface studies and preliminary Phase I reports); (vi) conducting necessary core borings on the real property on which the Company Projects are to be situated; (vii) performing any engineering necessary to facilitate transportation and delivery of equipment and materials in connection with the Services, including the transportation and delivery of materials to work sites; and (viii) procuring (or managing, overseeing and prosecuting, in the name and on behalf of the Company and/or any of its Subsidiaries, the procurement of) any necessary Third Party Approvals for the design and engineering of the Company Projects.
2. Providing to the Company and its Subsidiaries for their review and comment: (i) all initial design drawings of the Company Projects; (ii) all detailed and working drawings, specifications, engineering calculations and other documents prepared in connection with the engineering and design of such Company Projects; and (iii) all detailed construction drawings of the Company Projects. In addition, the Provider shall provide the Company and its Subsidiaries with access, at reasonable times, to design and engineering methods, calculations and data used in performing the Engineering and Design Services.

#### SCHEDULE 2.1-6

3. Notwithstanding any other provision of this Services Agreement or this Schedule, submitting each of the following items (including all conceptual and detailed designs, all construction and as-built drawings and all design calculations related thereto) to the Company and its Subsidiaries for their review, comment and final approval; provided, that if the Company or any Subsidiary fails to approve any such item, the Company and such Subsidiary shall cooperate with the Provider to develop an alternative to such item that is acceptable to the Company and such Subsidiary and consistent with Good Industry Practice:

- a. loading criteria for line structures;
- b. insulator types;
- c. the need for and application of optical ground wire for shield wires;
- d. the design approach for overall voltage protection;
- e. line and station naming conventions; and
- f. testing and commissioning plans.

4. Delivering, at a minimum, the following items to the Company and its Subsidiaries, on a schedule to be agreed upon by the Provider and the Company or such Subsidiary: (i) results of EMF, noise and corona studies; (ii) plan and profile drawings in Microstation and paper format; (iii) field data (staking sheets); (iv) PLS CADD models; (v) copies of detailed drawings, specifications and calculations prepared in connection with the design of the Company Projects; and (vi) a final engineering package to support the Company's and its Subsidiaries' maintenance activities.

5. The Provider shall not have any authority to modify any specification for a Company Project, once it has been approved by the Company or a Subsidiary, without the consent of the Company or such Subsidiary.

## **CONSTRUCTION SERVICES**

1. Managing the construction of the Company Projects and the installation of the facilities comprising such projects, including: (i) providing appropriate environmental, safety and quality assurance/control compliance measures; (ii) managing relationships with affected landowners during construction activities including settling construction damage claims; (iii) inspecting and testing the construction as necessary and appropriate; (iv) performing any necessary maintenance before the Company Projects are energized (other than merely for test purposes); (v) managing the placement of the Company Projects in service; and (vi) procuring (or managing, overseeing and prosecuting, in the name and on behalf of the Company or any Subsidiary, the procurement of) all Third Party Approvals necessary for the construction of the Company Projects.

2. Preparing and delivering to the Company and its Subsidiaries construction schedules for the Company Projects (each, a "Construction Schedule") setting forth, at a minimum:

### SCHEDULE 2.1-7

(i) preliminary due dates for construction progress reports to be delivered by the Provider to the Company and its Subsidiaries during the construction period; (ii) proposed key milestone dates for the construction of the Company Projects; and (iii) a projected date for the completion of the Company Projects. The Construction Schedule shall be in a form reasonably acceptable to the Company and its Subsidiary. The Provider shall update the Construction Schedule from time to time as reasonably necessary or as reasonably requested by the Company or such Subsidiary. The Construction Schedule is a planning document only and shall not be binding on the Parties.

3. Notwithstanding any other provision of this Schedule 8, the Provider shall not have any authority to modify any specification for a Company Project, once it has been approved by the Company or a Subsidiary, without the consent of the Company or such Subsidiary.

### **OPERATION AND MAINTENANCE SERVICES**

1. Coordinating interconnection activities with other parties and administering the interconnection agreements and related agreements of the Company and each of its Subsidiaries with transmission and distribution providers to which the Company Projects are interconnected and with generators whose generation facilities are interconnected with the Company Projects.

2. Negotiating interconnection and related agreements, administering the performance of the Company and each of its Subsidiaries under such agreements, enforcing the Company's and its Subsidiaries' rights under such agreements and managing communications with the counterparties thereto under or concerning such agreements.

3. Being responsible for the maintenance and repair of the Company Projects, including: (i) conducting periodic patrols and inspection of the Company Projects and the Company's and its Subsidiaries' right-of-way areas; (ii) periodically clearing right-of-way areas; (iii) periodically testing the Company Projects; and (iv) replacing worn or broken parts.

4. Performing local field operations for the Company Projects, including switching, diagnostic testing and analysis, calibration, and other similar activities deemed necessary or appropriate from time to time by the Provider to facilitate the O&M Services.

5. Providing system control and data services, including all services to supervise, monitor, control, dispatch, restore and maintain operational data for the Company Projects in coordination with applicable requirements of regional transmission organizations and similar planning authorities.

6. Procuring and warehousing replacement parts in accordance with Good Industry Practice.

7. Performing and providing all engineering necessary to support the O&M Services.

8. Performing any other service or activity necessary or appropriate from time to time to maintain and operate the Company Projects in accordance with the Provider's maintenance and quality assurance/control and safety guidelines.

### **SCHEDULE 2.1-8**



9. Cooperating and coordinating its activities with the activities of the Company and its Subsidiaries, on the one hand, and those of any Person providing operation or maintenance services, on the other hand, so as to minimize delays, errors, inconsistencies, changes and unnecessary costs.

## **WEB HOSTING SERVICES**

1. Establishing, operating, maintaining and updating and granting the Company and its Subsidiaries access to an internet website that will enable the Company and its Subsidiaries to interface with all visitors to the website, including the Company's and its Subsidiaries' subcontractors, suppliers and vendors.

2. Without limiting any obligations the Provider may have in connection with any Services, the Provider shall have no obligation to validate the content, correctness or usability of any trademarks, trade names, logos, characters, written materials, graphics, photographs or other materials provided by the Company or any Subsidiary to the Provider, in whatever form or media ("Company Content"). All deliverables and other materials developed or prepared for the Company or its Subsidiaries by the Provider, all Company Content and the look and feel of the internet website, together with all patent rights, copyrights, trademarks, trade names and other proprietary rights (collectively, "Company Materials") are, and shall at all times be, the exclusive property of the Company. All Company Materials that constitute works of authorship shall be deemed to be works made for hire to the extent permissible under the federal copyright laws.

3. In the event the Provider enters into a subcontract to provide the Web Hosting Services, the obligations, responsibilities and liabilities of the Provider to the Company and its Subsidiaries with respect to Web Hosting Services shall not be more onerous than the obligations, responsibilities and liabilities of such Subcontractor pursuant to the terms of such subcontract.

## **SPP PROJECT SERVICES**

1. With respect to each SPP Project, assisting and supporting the Company in its efforts to obtain, for or in the name of the Company or a Subsidiary designated by the Company, a "Line Certificate" from the Missouri Public Service Commission and a FERC formula rate under Section 205 of the Federal Power Act.

2. Assisting and supporting the Company in its efforts to obtain, for or in the name of the Company or a Subsidiary designated by the Company, any other Third Party Approvals necessary to novate, transfer, assign and convey the SPP Projects to the Company or a Subsidiary.

3. To the extent that an SPP Project Company requests the Company to perform any Services, the Provider shall perform such Services on behalf of such SPP Project Company.

## **SCHEDULE 2.1-9**

4. Assisting and supporting the Company in reviewing, commenting on and making recommendations on contracts and other documents being negotiated, developed or reviewed by an SPP Project Company in connection with the SPP Projects.

5. Assisting and supporting the Company in performing any review or analysis pertaining to the SPP Projects or the activities of the SPP Project Companies in connection therewith.

SCHEDULE 2.1-10

**SCHEDULE 9  
INSURANCE PLAN**

**I. PROVIDER INSURANCE**

Workers' Compensation/Employers' Liability Insurance.

The Provider shall maintain Workers' Compensation Insurance or qualified self-insurance to the extent required by Applicable Law.

The Provider shall maintain Employers Liability Insurance in an amount not less than \$500,000 each accident, \$500,000 disease policy limit and \$500,000 disease each employee.

Automobile Liability Insurance.

The Provider shall maintain Automobile Liability Insurance in respect of all mechanically propelled vehicles used in any circumstances such as to be liable for compulsory motor insurance in accordance with Applicable Law and shall provide coverage for all owned, non-owned and hired vehicles. Such coverage shall include the Company and its Subsidiaries as additional insureds for any legal liability arising out of the negligence of the Provider and shall be primary and non-contributory to any claims arising out of the negligence of the Provider.

Commercial General Liability Insurance.

The Provider shall maintain Commercial General Liability Insurance (or equivalent) for its legal liability for bodily insurance, property damage or personal injury. Such insurance shall include, subject to policy terms and conditions, contractual liability encompassing the indemnity provisions of the Services Agreement, products/completed operations and independent contractors coverage.

Excess or Umbrella Liability Insurance.

The Provider shall maintain Excess or Umbrella Liability Insurance with coverage with a limit no less than \$25,000,000 in combination with the insurance coverages described above. The required limit may be in any combination of primary and excess or umbrella coverage, so long as the total amount of insurance is no less than \$25,000,000.

Aircraft Liability Insurance.

If aircraft are used in connection with the Services, the Provider shall maintain Aircraft Liability Insurance in respect of any aircraft owned, non-owned, hired or chartered for use. The limit of liability for such Aircraft Liability Insurance shall be no less than \$10,000,000 per occurrence. The Provider shall provide that the Excess or Umbrella Liability Insurance shall be excess of such Aircraft Liability Insurance in the event such insurance is required.

Other Insurance.

The Provider shall maintain insurance providing coverage for the Provider's own equipment being used at any Company project and not becoming permanent works of such project.

II. COMPANY INSURANCE

Workers' Compensation/Employers' Liability Insurance.

The Company shall maintain Workers' Compensation Insurance or qualified self-insurance to the extent required by Applicable Law.

The Company shall maintain Employers Liability Insurance in an amount not less than \$500,000 each accident, \$500,000 disease policy limit and \$500,000 disease each employee.

Automobile Liability Insurance.

To the extent the Company has exposure that would require the maintenance of such coverage, the Company shall maintain Automobile Liability Insurance in respect of all mechanically propelled vehicles used in any circumstances such as to be liable for compulsory motor insurance in accordance with Applicable Law, and shall provide coverage for all owned, non-owned and hired vehicles.

Commercial General Liability Insurance.

The Company shall maintain Commercial General Liability Insurance (or equivalent) for its legal liability arising out of its operations. Such insurance shall include coverage for bodily insurance, property damage or personal injury. Such insurance shall include, subject to policy terms and conditions, contractual liability encompassing the indemnity provisions of the Services Agreement, products/completed operations and independent contractors coverage.

Excess or Umbrella Liability Insurance.

The Company shall maintain Excess or Umbrella Liability Insurance with coverage with a limit no less than \$25,000,000 in combination with the insurance coverages described above. The required limit may be in any combination of primary and excess or umbrella coverage, so long as the total amount of insurance is no less than \$25,000,000.

Aircraft Liability Insurance.

If aircraft are used in connection with the Company's operations, the Company shall maintain Aircraft Liability Insurance in respect of any aircraft owned, non-owned, hired or chartered for use, if any. The limit of liability for such Aircraft Liability Insurance shall be no less than \$10,000,000 per occurrence. The Company shall provide that the Excess or Umbrella Liability Insurance shall be excess of such Aircraft Liability Insurance in the event such insurance is required.

SCHEDULE 9-2

### Property Insurance.

The Company shall be responsible for providing operational property insurance with respect to the Company's facilities and other real property as determined by the Company, and in no event shall the Provider be required to provide operational property insurance with respect to the Company's facilities or other real property. The Company shall cause each of its Property insurers to waive all rights of recovery or subrogation against the Provider for damage to the Company's property.

## III. GENERAL

### Evidence of Insurance.

Evidence of insurance required pursuant to this Schedule 9 in the form of certificates of insurance shall be furnished by each Party upon request of the other Party; and for those insurance coverages whereby the other Party is required to be included as an additional insured, the Party required to include the other Party shall at any time requested by the other Party, deliver to the other Party copies of the applicable terms and conditions of any of the insurance policies so requested if a loss should arise that may give rise to a potential claim against the Provider and/or the Company.

### Insurance Coverages.

Neither Party makes any representation to the other that the insurance coverages specified herein, whether in scope or amounts, are adequate to protect the obligations of either Party, and each Party shall be solely responsible for any deficiencies thereof. Nothing in this Schedule 9 shall be deemed to limit either Party's liability under the Services Agreement.

### Subcontractor's Insurance; Scope of Coverage.

The Company and the Provider shall require appropriate liability insurance (automobile liability, commercial general liability and excess or umbrella liability) and workers' compensation/employers' liability insurance of subcontractors (but not including any subcontractor that is a Corporate Affiliate) who perform services at a Company Project as shall be reasonable and in accordance with Good Industry Practice in relation to the work or other items being provided by each such subcontractor. Upon a Party's reasonable request, the other Party shall require its subcontractors (but not including any subcontractor that is a Corporate Affiliate) performing work at a Company Project site to provide evidence of the insurance maintained by such subcontractor.

### Other.

With respect to Workers' Compensation/Employer's Liability Insurance and Auto Liability Insurance, the Party obligated to obtain such coverage shall cause the applicable insurer, where permitted by Applicable Law, to waive for the benefit of the other Party all rights of recovery

and subrogation against the other Party, its Corporate Affiliates and their respective directors, officers, agents and employees.

With respect to Commercial General Liability Insurance and Excess or Umbrella Liability Insurance, the Party obligated to obtain such coverage shall cause the applicable insurer to waive any right of recovery which it may have or acquire against the other Party, its Corporate Affiliates and their respective directors, officers, agents and employees. Each Commercial General Liability policy shall provide for a severability of interest clause and a cross liability clause.

Notwithstanding anything to the contrary contained in this Schedule 9 or otherwise in the Services Agreement, it is intended for the Company's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance to be primary and non-contributory to the Provider's insurance for liability for bodily injury, property damage or personal injury arising out of the assets or operations of the Company. The Provider and the Provider's officers, directors, employees and agents shall be included as insureds or additional insureds, as appropriate, on the Company's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance policies for its/their liability arising out of the operations or assets of the Company. The Provider's Commercial General Liability Insurance and/or Excess or Umbrella Liability Insurance policies shall be excess of the Company's Commercial General Liability Insurance and Excess or Umbrella Liability Insurance. This paragraph shall not apply to liability arising out of the Provider's owned, non-owned or hired vehicles (Automobile Liability Insurance).

In the event any insurance described herein (including the limits or deductibles thereof) is not available on commercially reasonable terms in the commercial insurance market, the applicable Party shall not be required to obtain or maintain such coverage, but shall maintain any such insurance up to the level, if any, at which such insurance can be obtained and maintained on commercially reasonable terms in the commercial insurance market.

All insurance required to be maintained shall be placed with financially sound and reputable insurers having an A. M. Best rating of A-VII (or equivalent rating from another recognized rating agency) or better.

Each Party shall provide or cause to be provided to the other Party ten (10) days notice in the event of cancellation of any insurance required to be maintained due to non-payment of premium and thirty (30) days notice in the event of cancellation for any other reason.

#### SCHEDULE 9-4

**SCHEDULE 12.7  
ADDRESSES FOR NOTICES**

If to the Company:                   Transource Energy, LLC  
1 Riverside Plaza  
Columbus, Ohio 43215  
Fax: (614) 552-1628  
Attn: President  
Email: apsmyth@aep.com

with a copy to:                        American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, Ohio 43215  
Fax: (614) 716-2014  
Attn: Office of the General Counsel  
Email: rgryan@aep.com

If to the Provider:                    American Electric Power Service Corporation  
700 Morrison Road  
Gahanna, Ohio 43230  
Fax: (614) 552-2602  
Attn: Manager, Transmission Business Services  
Email: amvogel@aep.com

with a copy to:                        American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, Ohio 43215  
Fax: (614) 716-2014  
Attn: Office of the General Counsel  
Email: rgryan@aep.com

## INTERCOMPANY SUPPORT AGREEMENT

This INTERCOMPANY SUPPORT AGREEMENT (this "Agreement") is made effective as of June 19, 2012, (the "Effective Date") between TRANSOURCE ENERGY, LLC, a Delaware limited liability company ("Parent"), and its wholly-owned subsidiary TRANSOURCE MISSOURI, LLC, a Delaware limited liability company ("Recipient").

### RECITALS

**WHEREAS**, Parent has entered into those certain Services Agreements (collectively, and as each may be amended, restated or supplemented, the "Services Agreements"), each dated as of April 3, 2012, with (i) American Electric Power Service Corporation and (ii) Kansas City Power and Light Company (the "Providers"), pursuant to which Parent may request and receive certain services related to the development of electric transmission projects by Parent and its subsidiaries;

**WHEREAS**, Parent desires to make certain Support Services (as defined below) available to Recipient, and Recipient desires to receive such Support Services from Parent; and

**WHEREAS**, the parties hereto desire to enter into this Agreement in order to set forth the terms and conditions under which Parent will make Support Services available to Recipient;

**NOW THEREFORE**, for and in consideration of the mutual covenants contained in this Agreement, the parties hereto hereby agree as follows:

### ARTICLE I SUPPORT SERVICES

Section 1.1 Provision of Support Services. On the terms and subject to the conditions contained in this Agreement, Parent shall provide business, tax compliance, risk management, siting and land acquisition, regulatory, procurement, engineering and design, construction, operation and maintenance, web hosting and other services that are made available to Parent pursuant to the Services Agreements, along with any additional services as Parent and Recipient may agree (collectively, the "Support Services"), to Recipient and Recipient's subsidiaries, from time to time during the term of this Agreement and for such additional periods as Parent and Recipient may agree; provided, however, that in no event shall Parent be obligated to provide Support Services to Recipient or Recipient's subsidiaries that are not provided as services to Parent pursuant to the terms of the Services Agreements.

Section 1.2 Compensation. Recipient shall pay by intercompany funds transfer or otherwise for Support Services provided hereunder. Parent shall submit an invoice reflecting charges for Support Services to Recipient on or before the fifteenth day of each month in which Parent provides Support Services during the preceding month. The charges for Support Services shall be billed at Parent's internal costs of providing such Support Services (which, for any Support Services provided through either of the Services Agreement, shall be equal to the total charges owed for such Support Services by Parent pursuant to the applicable Services Agreement). Payment shall be made promptly upon receipt by Recipient of such invoice and in any event within 30 days.



Section 1.3 Sales and Use Taxes. Recipient shall be responsible for any state or local sales or use tax or any other similar charge owed in connection with the Support Services (other than any such taxes or charges based on earnings, income or net worth). Parent shall take reasonable actions to minimize the amount of such sales and use taxes for which Recipient is responsible.

Section 1.4 Requesting the Support Services. Within a reasonable amount of time prior to the need for any Support Services requested, Recipient shall request Support Services by submitting to Parent written or electronic communication setting forth the Support Services to be performed, including any instructions and specifications necessary for Parent to adequately and reasonably manage the provision of such Support Services. Parent shall promptly notify Recipient if such requested Support Services will not be provided as services to Parent pursuant to the Services Agreements and, in such case, Parent shall not be obligated to perform such requested Support Services.

Section 1.5 Suspension or Termination of Support Services. Recipient may, by written or electronic communication, direct that any Support Services be suspended or terminated at any time and from time to time; provided, that Recipient shall be responsible for all charges for demobilization activities and costs incurred by Parent as a result of any such suspension or termination.

## **ARTICLE II TERMS OF SUPPORT SERVICES**

Section 2.1 Standard of Care. The Support Services will be performed by Parent, subject to its procurement of such services pursuant to the Services Agreements unless otherwise agreed to by Parent, in conformity with Good Industry Practice (as defined in the Services Agreements) and applicable law. Parent shall not proceed with any act under this Agreement unless and until necessary regulatory approvals, if any, for such act have been obtained. With respect to any Support Services related to obtaining any third party approvals, Parent does not represent, warrant or guarantee that any such third party approval can or will be obtained.

Section 2.2 Cooperation. Parent and Recipient will cooperate in order to establish a mutually agreeable date or dates and time or times when the Support Services can be provided. In so doing, both Parent and Recipient shall have due regard for the urgency of the request for Support Services and the other duties and responsibilities of the personnel who will perform the Support Services.

Section 2.3 Non-Exclusive. Recipient shall not be obligated to acquire the Support Services exclusively from Parent but shall remain free to acquire such Support Services from any other sources which it feels are appropriate. Parent shall remain free to provide the Support Services to any person, including its affiliates.

## **ARTICLE III INTELLECTUAL PROPERTY**

Section 3.1 Ownership of Work Product. Upon delivery, and unless otherwise limited by third party interests, Recipient shall be the owner of the delivered copies of all drawings,

plans, specifications, budgets, schedules, reports and other documents and materials prepared or provided by Parent or a Provider in the performance of the Support Services (“Work Product”).

### Section 3.2 Intellectual Property Rights.

(a) Parent hereby grants, and agrees to cause each Provider to grant, to Recipient an irrevocable, perpetual, non-transferable (except in connection with an assignment permitted pursuant to Section 5.5), non-exclusive, world-wide, royalty-free, internal use license to copy, use and display such Provider’s: (i) discoveries, inventions (whether patentable or not), invention disclosures, improvements (whether patentable or not), formulae, formulations and know-how; (ii) technical and product specifications, equipment descriptions, plans, layouts, drawings, computer programs, assemblies, quality control procedures, installation procedures, operating procedures, operating and/or maintenance manuals, instructions and other user documentation, technical and marketing information, designs, data and/or other similar items; (iii) other trade secrets, copyrightable material or proprietary information; and (iv) all documentation of any of the foregoing, in each case to the extent not in the public domain (collectively, “Proprietary Property”), and that of its affiliates that is incorporated into any Work Product or otherwise provided to Recipient for the purpose for which such Proprietary Property was provided pursuant to this Agreement.

(b) The Proprietary Property of Parent, each Provider and their respective affiliates is and shall remain the sole and exclusive property of such person(s). Other than the license granted pursuant to Section 3.2(a), Recipient shall have no right, claim or interest of any type, by virtue of this Agreement or otherwise, in or to: (i) the Proprietary Property of Parent, any Provider or their respective affiliates; or (ii) any other intellectual property rights of Parent, any Provider or their respective affiliates. Recipient hereby irrevocably waives and releases any right, claim or interest therein or thereto. Recipient shall not reverse engineer, decompile, disassemble or otherwise attempt to reproduce the Proprietary Property of Parent, any Provider or their respective affiliates in any manner.

(c) Subject to the license granted pursuant to Section 3.2(a), all intellectual property rights that Recipient may hereafter acquire, discover, invent, originate, make, develop or conceive, in whole or in part, through its use of the Proprietary Property of Parent, a Provider or any of their respective affiliates shall be the sole, exclusive and unencumbered property of Parent, such Provider or such affiliate(s), as applicable, and shall be deemed a part of the intellectual property of Parent, such Provider or such affiliate(s), as applicable. Recipient shall execute and deliver, or cause to be executed and delivered, such agreements, instruments and documents (including one or more memoranda of license suitable for recording in the U.S. Patent and Trademark Office) and shall take such other actions as may be reasonably requested by Parent or a Provider for the purpose of effectuating, evidencing, implementing and facilitating the rights of Parent, such Provider and their respective affiliates as set forth in this Section 3.2(c).

(d) In the event that Recipient uses any Proprietary Property for any purpose other than as permitted pursuant to Section 3.2(a), without limiting their other remedies, Parent, the applicable Provider or their respective affiliates shall have exclusive ownership rights in and to any proceeds, assets or intellectual property resulting from or related to such prohibited activity.

Section 3.3 Survival. This Article III shall survive the termination of this Agreement.

#### **ARTICLE IV INDEMNIFICATION**

Section 4.1 Indemnification of Third Party Claims. Recipient shall indemnify, defend and hold harmless Parent, its members, their affiliates and each of their respective officers, directors, members, shareholders, employees, agents and representatives (each an “Indemnified Person”) from and against any third-party claim, demand, action, suit, damage, liability, loss, cost or expense (including reasonable attorneys’ fees and out-of-pocket disbursements), judgment, fine, settlement or other amount incurred by any Indemnified Person to the extent arising out of this Agreement or the activities of the parties hereunder and resulting from or attributable to any act, omission, event or circumstance other than the gross negligence or willful misconduct of any Indemnified Person.

Section 4.2 Survival. This Article IV shall survive the termination of this Agreement.

#### **ARTICLE V MISCELLANEOUS**

Section 5.1 Term. The term of this Agreement shall commence as of the Effective Date and shall continue until the first anniversary of the Effective Date, and shall be automatically renewed for successive one year periods thereafter unless notice of termination is given by either party at least 30 days prior to the date of termination.

Section 5.2 Control of Work. In performing the Support Services, Parent shall act and shall be deemed for all purposes to be an independent contractor. Parent shall be solely responsible for and have control over the means, methods, techniques, scheduling, sequences and procedures used in the performance of the Support Services.

Section 5.3 Notices. All notices, demands, requests or communications which are required or authorized by this Agreement are to be in writing and delivered via personal delivery, mailed by registered or certified mail (return receipt requested) postage prepaid, sent prepaid by overnight air courier or facsimile to the address for such party specified on the signature pages hereof or at such other address as may be designated by a party in a written notice to the other party.

Section 5.4 Amendments. This Agreement may only be amended or modified by a written instrument signed by all parties hereto.

Section 5.5 Assignment. This Agreement and the rights and obligations hereunder shall not be assignable or transferable by any party without the prior written consent of the other parties hereto. Any attempted assignment in violation of the preceding sentence shall be null and void *ab initio*.

Section 5.6 Severability. If any one or more of the provisions contained in this Agreement, or the application thereof to any party or to circumstances that may arise hereunder, shall for any reason be held to be invalid, illegal or unenforceable in any respect, the remainder

of this Agreement and the application of such provision(s) to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by applicable law.

Section 5.7 Entire Agreement. This Agreement constitutes the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral, among the parties or any of them with respect to the subject matter hereof.

Section 5.8 Applicable Law. This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Delaware, without regard to its conflict of laws principles. TO THE FULLEST EXTENT PERMITTED BY LAW, AND AS SEPARATELY BARGAINED-FOR CONSIDERATION, EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATING TO THE SUPPORT SERVICES OR THIS AGREEMENT.

Section 5.9 Binding Effect; No Third Party Beneficiaries. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations or liabilities under or by reason of this Agreement, except to the extent Recipient requests Parent to perform any Support Services directly to a subsidiary of Recipient, then such subsidiary shall be deemed to be an express third party beneficiary of this Agreement and shall be entitled to enforce any rights, terms or conditions of this Agreement with respect to such Support Services.

Section 5.10 Waivers. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by the party entitled to enforce such term, but such waiver shall be effective only if in writing. Unless otherwise expressly provided in this Agreement, no delay or omission on the part of any party in exercising any right or privilege under this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right or privilege under this Agreement operate as a waiver of any other right or privilege under this Agreement nor shall any single or partial exercise of any right or privilege preclude any other or further exercise thereof or the exercise of any other right or privilege under this Agreement.

Section 5.11 Limitations on Liability. Notwithstanding anything else herein to the contrary, the parties agree that a party shall not be liable for damages as a result of a breach of this Agreement unless such breach is due to its gross negligence or willful misconduct. EXCEPT FOR CLAIMS BASED ON ACTUAL FRAUD, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING DAMAGES FOR LOSS OF USE OF EQUIPMENT, LOST BUSINESS OPPORTUNITIES OR PROFITS OR DAMAGE TO REPUTATION), EVEN IF THE BREACHING PARTY WAS AWARE OF THE POSSIBILITY OF SUCH DAMAGES, AND REGARDLESS OF THE THEORY OF LIABILITY UNDER WHICH SUCH DAMAGES ARE SOUGHT; PROVIDED, THAT THE

FOREGOING EXCLUSION SHALL NOT BE CONSTRUED TO LIMIT RECOVERY UNDER ANY CLAIM FOR INDEMNITY FOR THIRD PARTY CLAIMS. Parent's aggregate liability under or related to this Agreement (other than any liability based on actual fraud or any indemnification liability) shall not exceed the total amount paid to Parent pursuant to this Agreement for the category of Support Services to which the applicable breach relates.

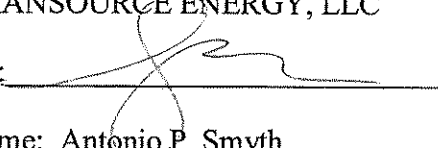
Section 5.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. An executed counterpart may be delivered by facsimile or electronic mail and, when so delivered, shall be legally enforceable in accordance with its terms.

*The next page is the signature page*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**Parent:**

TRANSOURCE ENERGY, LLC

By: 

Name: Antonio P. Smyth

Title: President

Address for Notices:

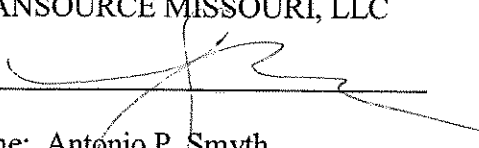
Transource Energy, LLC  
1 Riverside Plaza  
Columbus, Ohio 43215  
Attn: President  
Fax: (614) 552-1628  
Email: apsmyth@aep.com

with a copy to:

American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, Ohio 43215  
Attn: Office of the General Counsel  
Fax: (614) 716-2014  
Email: rgryan@aep.com

**Recipient:**

TRANSOURCE MISSOURI, LLC

By: 

Name: Antonio P. Smyth

Title: President

Address for Notices:

Transource Missouri, LLC  
1 Riverside Plaza  
Columbus, Ohio 43215  
Attn: President  
Fax: (614) 552-1628  
Email: apsmyth@aep.com

with a copy to:

American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, Ohio 43215  
Attn: Office of the General Counsel  
Fax: (614) 716-2014  
Email: rgryan@aep.com



**MEDIA CONTACT:**  
KCP&L 24-hour Media Hotline  
(816) 392-9455

**FOR IMMEDIATE RELEASE**

## **KCP&L NAMED MOST RELIABLE UTILITY IN PLAINS REGION**

*PA Consulting Group honors utility with ReliabilityOne™ Award for fifth consecutive year*

**NEW YORK, NY (Nov. 21, 2011)** – For the fifth year in a row the PA Consulting Group recognized KCP&L as the recipient of the 2011 ReliabilityOne™ Award in the Plains Region.

“ReliabilityOne™ Award winners represent the very best our industry has to offer in terms of service quality,” said Jeff Lewis, PA Consulting Group’s ReliabilityOne™ Program Director. “KCP&L has once again demonstrated its unwavering commitment to customers by achieving the highest levels of reliability.”

Delivering award-winning, reliable electric service is a foundation of KCP&L’s operating strategy. KCP&L takes numerous measures to keep infrastructure in good working order, including identifying and replacing aging infrastructure. The company also constantly monitors its transmission and distribution system. This allows for potential issues to be identified and addressed quickly, resulting in fewer outages and reduced response time when outages may occur.

“Winning this award for the fifth consecutive year is a testament to the hard work and dedication of our employees,” said Bill Herdegen, KCP&L vice president of transmission and distribution operations. “The men and women at our company brave extreme temperatures year round in order to maintain a high level of reliability for our customers.”

In addition to keeping the lights on for KCP&L customers, the company’s employees assist utilities throughout the country when they experience severe damage to their system. In the past five years, KCP&L has been called upon to help various utilities more than 20 times. Most recently, KCP&L crews returned from a 10-day trip helping a Massachusetts utility restore power after a nor’easter hit the east coast and caused millions of people to lose power.

Each year, the ReliabilityOne™ Award is given to utilities that have achieved outstanding reliability performance and have excelled in delivering reliable electric service to their customers. All utilities operating electric delivery networks in North America are eligible for consideration for the ReliabilityOne™ Award. Five regional awards are distributed annually: Northeast, Mid-Atlantic, Midwest, Plains and West.

-more-

The selection of provisional recipients is based primarily on system reliability statistics that measure the frequency and duration of customer outages. After provisional recipients are selected, each company undergoes an on-site certification process, which provides an independent review and confirmation of the policies, processes and systems used to collect, analyze and report a company's reliability results.

####

**About KCP&L:**

Headquartered in Kansas City, Mo., Great Plains Energy Incorporated (NYSE: GXP) is the holding company of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company, two of the leading regulated providers of electricity in the Midwest. Kansas City Power & Light and KCP&L Greater Missouri Operations use KCP&L as a brand name. More information about the companies is available on the Internet at [www.greatplainsenergy.com](http://www.greatplainsenergy.com) or [www.kcpl.com](http://www.kcpl.com).

**About PA Consulting Group:**

PA Consulting Group is a leading management and IT consulting and technology firm. Independent and employee-owned, PA Consulting operates globally in more than 30 countries and transforms the performance of major organizations in both private and public sectors. From initial idea generation and strategy development through to detailed implementation, PA Consulting delivers significant and tangible results. PA Consulting has outstanding technology development capability; a unique breadth of skills from strategy to performance improvement, HR to IT; and strong expertise in communications, defense, energy, financial services, government and public services, healthcare, international development, manufacturing and water. For more information about PA Consulting Group, please visit [www.paconsulting.com](http://www.paconsulting.com).



**TRANSOURCE MISSOURI, LLC**  
**PRO FORMA INCOME STATEMENT**  
For the Seven Months Ended July 31, 2012  
(Unaudited - FERC)

<b>REVENUES</b>	<b>2012</b>	<b>Pro forma Adjustments</b>	<b>As Adjusted 2012</b>
Transmission Revenues	\$ -	-	\$ -
<b>EXPENSES</b>			
Other Operation	234,143		234,143
<b>TOTAL EXPENSES</b>	<b>234,143</b>	-	<b>234,143</b>
<b>OPERATING LOSS</b>	<b>(234,143)</b>	-	<b>(234,143)</b>
Other Income (Loss)	-	-	-
<b>LOSS BEFORE INCOME TAX CREDIT</b>	<b>(234,143)</b>	-	<b>(234,143)</b>
Income Tax Credit	(91,462)	-	(91,462)
<b>NET LOSS</b>	<b>\$ (142,681)</b>	<b>\$ -</b>	<b>\$ (142,681)</b>

**TRANSOURCE MISSOURI, LLC**  
**PRO FORMA BALANCE SHEET**  
 July 31, 2012  
 (Unaudited - FERC)

<b>ASSETS</b>	<b>2012</b>	<b>Pro forma Adjustments</b>	<b>As Adjusted 2012</b>
Utility Plant:			
Plant in Service	\$ -	\$ 422,597	\$ 422,597
Construction Work in Progress	-	2,272,499	2,272,499
<b>Total Utility Plant</b>	<u>-</u>	<u>2,695,096</u>	<u>2,695,096</u>
<b>Accumulated Depreciation Reserve</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 2,695,096</u>	<u>\$ 2,695,096</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Total Long-Term Debt</b>	-	1,078,039	1,078,039
Accounts Payable:			
Affiliated Companies	234,143		234,143
Accrued Taxes	(91,462)		(91,462)
<b>Total Current Liabilities</b>	<u>142,681</u>	<u>-</u>	<u>142,681</u>
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>142,681</u>	<u>1,078,039</u>	<u>1,220,720</u>
Other Paid-In Capital		1,617,058	1,617,058
Retained Earnings/(Deficit)	(142,681)		(142,681)
<b>TOTAL EQUITY</b>	<u>(142,681)</u>	<u>1,617,058</u>	<u>1,474,377</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ -</u>	<u>\$ 2,695,096</u>	<u>\$ 2,695,096</u>